ORDINANCE NO. 10.15

AN ORDINANCE ADDING CHAPTER 43 TO THE MOUNTAIN VIEW CITY CODE REGARDING WRITTEN RESIDENTIAL RENTAL LEASES

WHEREAS, as published in a July 2015 Trends Report by RealFacts, a rental market data provider, the average monthly asking rent within the City of Mountain View has risen 52.7 percent from 2011 to 2015,[1] while the median household income in Santa Clara County has only risen 1.2 percent during that same period;[2] and

WHEREAS, almost one-third of Mountain View households (32 percent or 10,155 Mountain View households) have incomes less than 80 percent of the Area Median Income (AMI),[3] the low-income threshold as defined and annually published by the U.S. Department of Housing and Urban Development; and

WHEREAS, Mountain View's 2015-20 Consolidated Plan data, derived from HUD-provided data, indicated the most common housing problem is that households are cost-burdened,[4] with 36 percent of renter households (6,485 households) paying more than 30 percent of their income toward housing costs. Additionally, 18 percent of renter households (3,265 households) in Mountain View are severely cost-burdened, paying more than 50 percent of their income toward rent; and

WHEREAS, high rents could impact the finances of all households, the 2015-20 Consolidated Plan documents that lower-income renter households are much more likely than higher-income groups to experience cost burden, with 35 percent of low-income renter households (2,250 households) paying more than 30 percent of their income toward their housing costs, compared to 14 percent of lower-income ownership households (580 households). Additionally, 61 percent of renter households (1,980 households) who pay more than 50 percent of their income toward housing costs are lower income compared to 29 percent of owner households (480 households); and

WHEREAS, according to the Cities Association of Santa Clara County and Housing Trust Silicon Valley, the Association of Bay Area Governments (ABAG) projects that over the next 25 years, 57 percent of all household growth in the Bay Area, which includes the City of Mountain View, will consist of very low- and low-income households; and

WHEREAS, according to the U.S. Census Bureau 2009-2013 American Community Survey, a majority, 57 percent, of all units in the City are occupied by renter households;[5] and

WHEREAS, according to U.S. Census Bureau 2009-2013 American Community Survey, in 2010, 3 percent of families and 6.8 percent of all people in Mountain View lived below the poverty level, and by 2013, the number of households that had fallen into poverty had increased substantially with 5.7 percent of families and 8.1 percent of all people living below the poverty level; and

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[1] RealFacts July 2015 Trends Report.

[2] 2012 ($105,000) and 2015 ($106,300) HUD-published median incomes for Santa Clara County.

[3] 2015-20 Consolidated Plan (Page 11): 13 percent (3,950 households) at 0 percent to 30 percent AMI; 32 percent or 10,155 total households earn less than 80 percent AMI broken down as follows: 13 percent/ 3,950 households at 0 percent to 30 percent AMI; 11 percent/2,595 households at 30 percent to 50 percent AMI; and 8 percent/2,320 households at 50 percent to 80 percent AMI.

[4] 2015-20 Consolidated Plan (Page 48).

[5] 2015-20 Consolidated Plan (Page 81) and 2009-2013 American Community Survey data.

WHEREAS, the implementation of rent relief strategies is supported by the City's adopted 2014-23 Housing Element: Goal 2, to provide assistance to households at different income levels to address their housing needs; Policy 2.1, to assist extremely low-, very low-, low-, and moderate-income households in renting a home in Mountain View; and Program 2.4, promoting anti-displacement strategies; and

WHEREAS, excessive rental increases could result in homelessness and the displacement of low-income families; and

WHEREAS, increasing poverty in Mountain View, decreasing AMI, and increasing rents have created a growing "affordability gap" between incomes and rents demonstrated by the increase in "overpaying renter households" and overcrowded households; and

WHEREAS, members of the community have expressed their concerns to the City Council regarding the rental housing situation in the City of Mountain View and reported excessive rental increases and the issuance of eviction notices for tenants on month-to-month tenancies on September 8, September 15, October 6, and October 13, 2015; and

WHEREAS, Mountain View is experiencing a jobs/housing imbalance and the housing supply, particularly available rental housing, is not adequate to serve the needs of the community; and

WHEREAS, the City Council held a Study Session to discuss rent relief options on October 19, 2015 and considered rent relief options again on October 27, 2015; and

WHEREAS, the City of Mountain View currently does not regulate residential rental evictions; and

WHEREAS, contractual relationships between a landlord and tenant offer some assurance of stability under the terms of a written lease so as to minimize displacement of tenants into a rental housing market which affords them few and expensive options; and

WHEREAS, a short notice period allowed by California law for a rent increase or termination of a tenancy makes it difficult for tenants to adjust to rent increases and loss of housing and causes significant community disruption;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Chapter 43, Article I, is hereby added to the Mountain View City Code to read as follows:

"SEC. 43.1. Purpose.

It is found and declared an inadequate supply of rental housing exists in the City of Mountain View and an increasing demand continues to grow for such housing based on the significant number of renters in Mountain View. The increasing rents combined with a housing shortage places substantial pressure on City of Mountain View residents who rent housing. This Council finds that tenants have a right to a written lease and that a contractual relationship with a landlord may offer some needed assurance of stability and minimize displacement of tenants in a rental housing market affording tenants few and increasingly expensive options.

SEC. 43.2. Definitions.

a. "Landlord" means an owner, lessor or sublessor, or the agent, representative or successor of any of the foregoing persons who receives, or is entitled to receive, rent for the use and occupancy of any rental unit or portion thereof.

b. "Rent" means the consideration, including any bonus, benefit or gratuity demanded or received by a landlord for or in connection with the use or occupancy of a rental unit.

c. "Rental unit" means a dwelling unit (as defined in Mountain View City Code Section 36.60.11) in the City of Mountain View provided three or more dwelling units exist in a single structure and are used as rental housing. The term "rental unit" shall not include:

(i) A single-family dwelling;

(ii) Rooms or accommodations in hotels and boardinghouses which are rented to transient guests for a period of less than 30 consecutive days;

(iii) Dwelling units in a condominium, community apartment or planned unit development;

(iv) Dwelling units in which housing accommodations are shared by landlord and tenant;

(v) Housing accommodations in any hospital, skilled nursing, health or care facility, extended-care facility, asylum, nonprofit home for the aged or in dormitories owned and operated by an educational institution;

(vi) Housing accommodations rented by a medical institution which are then subleased to a patient or patient's family;

(vii) Dwelling units whose rents are controlled or regulated by any government unit, agency or authority, or whose rent is subsidized by any government unit, agency or authority; or

(viii) Dwelling units acquired by the City of Mountain View or any other governmental unit, agency or authority and intended to be used for a public purpose.

d. "Tenant" means a person or persons entitled by written or oral agreement to occupy a rental unit to the exclusion of others.

SEC. 43.3. Requirement to offer a six-month or one-year written lease.

a. Offer. If a tenant or prospective tenant wishes to rent a rental unit from a landlord and if said landlord wishes to rent said rental unit to said tenant or prospective tenant, the landlord must offer to the tenant or prospective tenant a written lease which has minimum terms of six months and one year at tenant's election of the term. Such offer must be made in writing. Signing of a lease which has a minimum term of six months or one year shall be considered an offer in writing.

b. Acceptance. If the tenant or prospective tenant accepts the offer of a written lease which has minimum terms of six months and one year, this acceptance must be in writing. Signing a lease which has minimum terms of six months and one year will be considered an acceptance.

c. Rejection. If the tenant or prospective tenant rejects the offer for a written lease which has minimum terms of six months and one year, this rejection must be in writing, and the landlord and tenant or prospective tenant may then enter into a mutually acceptable agreement, oral or written, that provides for a rental term of less than one year.

d. Rent. If the landlord and tenant enter into a written lease which has minimum terms of six months and one year, such lease must set the rent for the rental unit at a rate or rates certain and these rates shall not be otherwise modified during the term of such lease, to the extent not precluded by the Costa-Hawkins Act. The rental rate for a unit under written lease shall not exceed the rental rate for the same unit for a month-to-month tenancy.

e. Renewal of Leases. If both the landlord and the tenant wish to continue the rental relationship, upon the expiration of the initial written lease which has a minimum term of six months or one year, a lease shall be offered again in accordance with the procedures of (a) through (d) in this section:

(i) Leases with a term of one year shall be offered annually.

(ii) Leases with a term of six months shall be offered semiannually.

(iii) Leases with a term longer than one year shall be renewable at the expiration of each lease period for a minimum term of one year.

(iv) A landlord shall offer annually a written lease with minimum terms of six months and one year to a tenant who rejected an initial offer of a written lease with a minimum term of one year but who has rented a unit from the landlord for a period of at least one year.

(v) To the extent not precluded by Civil Code Sections 1950.5 and 1950.6, a landlord shall not require tenants renewing their leases to provide an additional security deposit or pay an application screening fee.

f. Applicability. This section shall not apply to:

(i) A unit which is rented on the effective date of this ordinance, provided, that: (1) if the unit is rented subject to a written lease, when the lease in effect for such a unit expires, this ordinance shall then apply; and (2) if the unit is rented without a written lease, then no later than March 1, 2016, the landlord shall offer a written lease to the tenant in accordance with this section;

(ii) An owner-occupied unit that is rented to a tenant for less than one year; or

(iii) A rental unit occupied by a tenant who subleases that unit to another tenant for less than one year; or

(iv) A rental unit where tenancy is an express condition of, or consideration for, employment under a written rental agreement or contract or a unit leased to a corporation.

SEC. 43.4. Notice of tenant's right to a lease.

a. Landlords shall provide all rental unit tenants with a notice summarizing the rights afforded by this ordinance. The notification shall be capitalized text in at least fourteen points in font size and shall state:

THE MOUNTAIN VIEW CITY CODE PROVIDES YOU WITH THE RIGHT TO A WRITTEN LEASE. LANDLORDS MUST OFFER TENANTS THE OPTION TO ENTER INTO A WRITTEN LEASE WITH MINIMUM TERMS OF SIX AND TWELVE MONTHS. IT IS THE TENANT'S CHOICE WHETHER TO ENTER INTO A WRITTEN LEASE OR A MONTH-TO-MONTH TENANCY. FURTHER INFORMATION IS AVAILABLE ON THE CITY'S WEBSITE (WWW.MOUNTAINVIEW.GOV).

b. Landlord shall provide this notification in English, Spanish, Chinese and Russian.

c. Landlord must provide this notice to tenants in writing or electronically if the application and/or lease are processed electronically.

SEC. 43.5. Tenant's remedies.

a. Defense to Action to Recover Possession. Failure of a landlord to comply with any of the provisions of this chapter shall provide the tenant with a defense in any legal action brought by the landlord to recover possession of the rental unit.

b. Defense to Action to Collect Rent. Failure of a landlord to comply with any of the provisions of this chapter shall provide the tenant with a defense in any legal action brought by the landlord to collect rent.

c. Injunctive Relief. A tenant may seek injunctive relief on his or her own behalf and on behalf of other affected tenants to enjoin the landlord's violation of this chapter.

d. Remedies Are Nonexclusive. Remedies provided in this section are in addition to any other existing legal remedies and are not intended to be exclusive.

SEC. 43.6. Other remedies.

a. Any person who violates Section 43.3, 43.4 or 43.5 of this article shall be guilty of an infraction, punishable by:

(i) A fine not exceeding $100 for a first violation.

(ii) A fine not exceeding $200 for a second violation of this article within one year.

(iii) A fine not exceeding $500 for each additional violation of this article within one year.

b. The remedies provided in this section are cumulative and in addition to any other remedies available at law or in equity. In addition to other remedies provided by this article or by other law, any violation of this article may be remedied by an enforcement action brought by the city, including, but not limited to, administrative or traditional nuisance abatement proceedings, civil or criminal code enforcement proceedings and suits for injunctive relief."

Section 2. Nonwaiver. Any waiver or purported waiver by a tenant of rights under this chapter prior to the time when such rights may be exercised, except a

rejection of a one-year lease offered in accordance with Section 3, shall be void as contrary to public policy.

Section 3. Pursuant to Section 522 of the Mountain View City Charter, it is ordered that copies of the foregoing proposed ordinance be posted at least two days prior to its adoption in three prominent places in the City and that a single publication be made to the official newspaper of the City of a notice setting forth the title of the ordinance, the date of its introduction, and a list of the places where copies of the proposed ordinance are posted.

Section 4. CEQA. The City Council hereby finds and determines that this ordinance is not subject to the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline 15183 (Action Consistent with General Plan and Zoning); Section 15378 (No Project); and Section 15061(b)(3) (No Significant Environmental Impact).

Section 5. Severability. If any section, subsection, sentence, clause, or phrase of this urgency ordinance is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this urgency ordinance. The City Council declares that it would have adopted this urgency ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

Section 6. Effective Date. The provisions of this ordinance shall be effective 30 days from and after the date of its adoption.

The foregoing ordinance was regularly introduced at the Special Meeting of the City Council of the City of Mountain View, duly held on the 1st day of December 2015, and thereafter adopted at the Regular Meeting of said Council, duly held on the 8th day of December 2015, by the following roll call vote:

AYES:	Councilmembers Clark, Kasperzak, Rosenberg, Siegel, Vice Mayor Showalter, and Mayor McAlister
NOES:	Councilmember Inks
ABSENT:	None
NOT VOTING:	None

ATTEST:

LORRIE BREWER, MMC
CITY CLERK

APPROVED:

JOHN McALISTER
MAYOR

I do hereby certify that the foregoing ordinance was passed and adopted by the City Council of the City of Mountain View at a Regular Meeting held on the 8th day of December 2015, by the foregoing vote, and was published in the San Jose Post Record by reference on the 4th day of December 2015, and posted in three prominent places in said City.

City Clerk
City of Mountain View

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