

**PRESENTATION:**

**DRAFT RENT  
STABILIZATION ORDINANCE**

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**Rules Committee**  
**Housing Services Division / Community Development Department**  
**July 17, 2025**

# Agenda

- **Background**
- **Draft Ordinance: Key Elements**
- **Program Cost Impacts**
- **Timeline**
- **Next Steps**

# Background

# Background

## May 28, 2025: Rules Committee Direction

- Summer / Fall 2025: Prepare a draft Ordinance for public review to include the following based on City of Alameda's Rent Stabilization Ordinance:
  - Rent cap not to exceed 5% (not tied to Consumer Price Index)
  - Capital improvement pass through

# Rent Stabilization: 7,693 Eligible San Leandro Units (est.)

- 7,693 units:
  - Duplex
  - Triplex
  - Fourplex
  - 5+ units
- Mobile home spaces excluded
  - Regulated under existing City Mobile Home Space Rent Stabilization Ordinance (MHRSO)

Unit Type	Eligible for Rent Stabilization	Total Units
Single-Unit		19,108
Duplex	1,288	1,298
Triplex	393	417
Fourplex	532	532
5-8 Units	815	815
9-19 Units	792	808
20+ Units	3,873	3,873
Multi-Family Restricted		2,094
Mobile Home Spaces		855
Condos/Townhomes		3,040
<b>Total</b>	<b>7,693</b>	<b>32,840</b>

Source: City parcel data

# Draft Ordinance: Key Elements



# Key Definitions

- **Rent:** Amount of fixed periodic compensation paid by a tenant to a landlord, as defined by the rental lease. Rent shall only include additional services defined in lease (pet deposits, storage, additional parking, utilities, etc.).
- **Base Rent:** Rent in effect for a unit on date determined, or the rent in effect following a change pursuant to Ordinance. Base Rent serves as the reference point for any upward or downward adjustments to the maximum allowable rent.
  - *Effective date determined after public outreach and City Council direction*
- **Capital Improvement:** An improvement or repair to a unit or property that adds value, excluding maintenance and repairs.

## Key Definitions (*cont.*)

- **Hearing Officer:** A qualified neutral individual appointed by the City Manager to conduct an administrative hearing pursuant to the Ordinance. The Hearing Officer shall not be a tenant or landlord of any property located within the San Leandro city limits.
- **Program Administrator:** An individual appointed by the City Manager to carry out the duties and responsibilities of the Program.



# Ordinance: Notable Exemptions

- **Costa Hawkins Act**
  - Rental units built after February 1, 1995
  - Single family homes
  - Condos / townhomes
- Mobile homes / lots regulated under existing MHRSO
- Accessory Dwelling Units
- Golden Duplexes (owner occupied)
- Short-term rentals (Airbnb, VRBO, etc.)
- Deed restricted affordable rental housing (Marea Alta, La Vereda, etc.)
- Emergency/transitional housing (Lewelling Interim Housing, etc.)
- Shared housing (room in a house with shared kitchen/bath)

# Rent Cap - Limit on Rent Increases

- Maximum annual rent increase = 5%
- No more than one rent increase allowed in a 12-month period
- Vacancy decontrol allowed under Costa Hawkins Act
- Landlord may seek a Capital Improvement or Fair Return rent increase

# Petition Process - Additional Rent Changes

- Applicant may only file one rent change petition per year
  - Capital Improvements
  - Fair Return
  - Decrease in Housing Services
- Hearing Officer
  - Conducts administrative hearing and renders a decision
  - Decision may be appealed to the courts

# Petition Process - Capital Improvements

- Must be initiated within 6 months of completion
- Minimum cost: \$10,000 total or \$1,000 per rental unit
- Cost must be amortized over useful life or 10 years, whichever is longer
- Pass through cap to tenant and as percent of current rent, based on City of Alameda

Yes	Table A
Pass Through Cap to Tenant	2-4 units = 100 5-15 units = 75% 16-24 units = 50% (>25 units processed thru fair return process)
Pass Through Cap as % of Current Rent	5%

# Petition Process - Fair Return

- Landlord is entitled to a Net Operating Income (NOI) equal to the base year NOI, adjusted by the percentage increase in the Consumer Price Index (CPI) since the base year
  - $\text{NOI} = \text{Annualized gross income} - \text{operating expenses}$
  - NOI in base year is presumed to provide fair return
- Hearing Officer
  - Determines whether the landlord will receive a fair return
  - Any party may submit evidence to rebut the presumption regarding the base year NOI, which the Hearing Officer shall consider in making their decision

# Petition Process - Decrease in Housing Services

- A decrease in Housing Services (laundry facilities, common area maintenance, amenities, etc.) of a covered rental unit, without a corresponding reduction in rent, is considered an increase in rent
- Hearing Officer may consider:
  - Decreases in Housing Services and living space
  - Substantial deterioration of the rental unit (beyond ordinary wear and tear)
  - Landlord's failure to comply with Ordinance or applicable housing, health and safety codes

## Other Key Elements

- Written notice to existing and prospective tenants regarding the Ordinance
- Buyout Agreements
  - Establishes transparent, mutual conditions to protect tenants from unfair buyouts
- Prohibition of retaliation
- Penalties and remedies for violations
- Annual performance report to City Council
- Program Fee
  - Reasonable program fees established by City Council resolution
  - Up to 50% may be passed through to tenant in 2 equal installments, 6 months apart



# Program Cost Impacts

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- **October 2025: City Council Work Session - Updated Ordinance and Program Cost Evaluation**
  - City retained a consulting firm to conduct a cost analysis to determine potential program costs and budget
  - Program cost evaluation will include an analysis of cost recovery through fees and the staffing levels necessary to effectively administer the program

# Typical Rent Stabilization Program Costs Covered By Fees

- Program Administration (staff salaries/benefits, etc.)
- Consulting (Hearing Officers, staffing support)
- Legal (enforcement, litigation)
- Public information (outreach, translation)
- Other (software, supplies, insurance, indirect costs, etc.)

# Timeline

## Timeline (updated)

- May 28, 2025: Rules Committee
- **July 17, 2025: Rules Committee - Draft Ordinance for Public Review**
- July 17 - September 17, 2025: 60- day Public Review of Draft Ordinance / Community Outreach
  - Posted on City website for review and comments
  - (2) community meetings
  - (2) key stakeholder meetings
- **October 2025: Council Work Session - Updated Ordinance, Program Cost Evaluation**
- January 2026: City Council - Ordinance 1st Reading
- January 2026: City Council - Ordinance 2nd Reading



# Next Steps

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- July - September 2025: Community Outreach - 60-day Public Review of Draft Ordinance
  - Submit comments to: [RentProgram@sanleandro.org](mailto:RentProgram@sanleandro.org)
- October 2025: City Council Work Session
  - Updated Ordinance
  - Program cost evaluation



## Questions ??

- [www.sanleandro.org/RentProgram](http://www.sanleandro.org/RentProgram) (*coming soon!*)
- [RentProgram@sanleandro.org](mailto:RentProgram@sanleandro.org)
- (510) 577-6011