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Staff Report for a Resolution Approving the Annual Rent Review Program Evaluation for July 2015 - June 2016

**SUMMARY AND RECOMMENDATIONS**

The Rent Review Program is a useful resource for both landlords and tenants who seek information, facilitation, and compromise on proposed rent increases. The program is utilized by the community as a rent dispute forum for tenants and landlords and is applicable to rental housing units in a parcel that contains at least 2 tenant-occupied housing units.

Staff recommends that the City Council review and approve the Annual Rent Review Program Evaluation for July 2015 through June 2016.

**BACKGROUND**

Title IV, Chapter 32, Article 5, section 4-32-500 of the City’s Municipal Code requires that an annual review of the Rent Review Program be prepared by the Rent Review Board (Board) for the City Council. Since May 2001, the Rent Review Program has been an integral part of the City’s comprehensive housing services. The Rent Review Program has proven to serve as a helpful resource for landlords and tenants that seek information and resolution regarding lawful and reasonable rent increases.

The Board consists of five City Council appointed positions. The Board composition includes: two tenants, two landlords, and one homeowner representative.

In March 2015, the City amended San Leandro Municipal Code Section 1-3-1400 to permit both landlord rent review board members to reside outside the City of San Leandro. This ensured that the City maintained a full five-member Rent Review Board.

Effective March 17, 2016, as approved by the San Leandro City Council, the San Leandro Rent Review Ordinance was amended. Key adopted amendments included the following:

- New eligibility thresholds for a rent review hearing:
  1. A rent increase greater than 7%, or
  2. At least 2 rent increases in a 12-month period.
- Utility charges, including Ratio Utility Billing System (RUBS), upon initial conversion, are considered a rent increase and are considered when assessing eligibility for review by the Rent Review Board.
- Eligible residential properties for rent review include tenant-occupied duplex, triplex, and 4-plex units (at least 2 rental units in a parcel).
- Landlords are *now* required to:
  1. Provide tenants the “Notice of Availability of Rent Review” (Required Notice) in English, Spanish, and Chinese.
  2. Properly re-notice tenants if they provided improper rent increase notices. *CA Civil Code Sections 827(b)(1)(B), (2), (3); Code of Civil Procedure Section 1013 require a landlord to **either** personally deliver the rent increase notice to tenant **or** post **and** mail the rent increase notice to tenant and give additional 5 days’ notice.*
  3. Submit their response forms within 10 calendar days from their receipt of their tenants’ rent review hearing request forms, or rent increase is void.
- Tenants are required to:
  1. Request a rent review hearing within 21 calendar days of receipt (versus 15 days in the original ordinance) of a notice of rent increase.
  2. Pay the rent increase on the effective date (or another agreed upon date), but may receive rental credit.
- Retaliatory Eviction language is incorporated in a new, separate section. Eviction proceedings against a tenant for exercising his or her rights under the Ordinance is considered a retaliatory eviction.

ECHO Housing is a full service and nonprofit housing counseling organization that provides fair housing and tenant-landlord counseling services for the City. Since FY 2013-14, due to the elimination of redevelopment agencies which necessitated staff reductions, the City has outsourced the Rent Review Program’s administration to ECHO Housing. ECHO Housing staff continues to be instrumental in processing the renters’ rent review request applications, communicating with the landlords to obtain their rent review response forms, facilitating the Rent Review Board hearings, and educating both tenants and landlords about the City’s Rent Review Ordinance.

## Analysis

### *San Leandro Rental Market*

The City relies on RealFacts data provided by real ANSWERS, a research organization and database publisher specializing in the multifamily housing market, to evaluate the rental market in San Leandro.

According to RealFacts data as of June 30, 2016, at \$1,647 average rent, San Leandro continues to have the lowest average annual rents in Alameda County among twelve other cities, including the neighboring jurisdictions of Oakland, Alameda, Castro Valley, and Hayward. San Leandro also continues to have the lowest vacancy rate at 1.4% throughout the county.

### *Rent Review Activity*

From July 1, 2015 through June 30, 2016, ECHO Housing and City staff addressed 93 tenant and 38 landlord inquiries for a total of 131 inquiries relating to the City's policies on rent increases and its Rent Review Program, including 107 renters who applied for Rent Review Board hearings. Of these 107 hearing requests:

- 14 (13%) cases were ineligible for a rent review hearing;
- 3 (3%) cases required landlords to properly re-notice as required by the Ordinance
- 5 (5%) cases were scheduled for a hearing after June 30, 2016;
- 18 (17%) cases were settled without a hearing;
- 27 (25%) cases were settled prior to a schedule hearing; and
- 40 (37%) cases were heard by the Rent Review Board.

Of the 40 cases heard by the Rent Review Board:

- 27 (68%) cases were settled mutually;
- 12 (30%) cases were settled after the rent review hearings; and
- 1 (2%) required landlord to properly re-notice as required by Rent Review Ordinance

### **Previous Actions**

The Rent Review Ordinance was adopted April 2001. The Municipal Code was amended in March 2002, October 2003, July 2005, and March 2015. The Rent Review Ordinance was most recently amended in March 2016.

### **Board/Commission Review and Actions**

At its September 27, 2016 Rent Review Board Meeting, the Rent Review Board reviewed the Annual Rent Review Program Evaluation and instructed City staff to forward the evaluation to City Council for review and approval.

### **ATTACHMENT**

#### **Attachment to Resolution**

- Rent Review Program Evaluation for July 2015 - June 2016

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