

Chapter 4-46 Residential Rent Stabilization

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4-46-100 Title & Purpose

- A. This Chapter shall be known as the “Residential Rent Stabilization Ordinance.”
- B. The purpose of this Chapter is to regulate the allowable amount of annual Rent increases for Rental Units in the City ~~in order to prevent~~ to assist in the prevention of the displacement of individuals who are no longer able to afford their Rent due to excessive Rent increases and thereby assist in the prevention of homelessness within the City of San Leandro, while ensuring that landlords receive a constitutionally required fair return.

4-46-105 Definitions

“Base Rent” means the Rent in effect for a Rental Unit on January 1, 2027, or the Rent in effect following a change pursuant to Section _____ of this Ordinance. Base Rent shall be the reference point from which the Maximum Allowable Rent shall be adjusted upward or downward in accordance with this Chapter.

“Base Year” shall mean the 202~~6~~5 calendar year, or if a Fair Return Petition subsequently establishes a new Base Rent pursuant to this Chapter, the calendar year for which the Fair Return Petition is approved.

“Buyout Agreement” means a written agreement between a Landlord and a Tenant as provided in Section _____ by which a Tenant, typically in consideration for monetary payment, voluntarily agrees to vacate a Rental Unit.

~~“Capital Improvement” means an improvement or repair to a Rental Unit or property, excluding ordinary maintenance and repairs, that materially adds to the value of the property, appreciably prolongs the property's useful life or adapts the property to a new use, becomes part of the real property or is permanently affixed to the real property such that its removal would result in material damage to the real property or to the improvement itself, has a useful life of more than one (1) year and that is required to be amortized and depreciated over the useful life of the improvement under the provisions of the Internal Revenue Code and related regulations.~~

“City” means City of San Leandro

“City Manager” means the City Manager of the City of San Leandro

“Consumer Price Index” or CPI” means the Consumer Price Index for All Urban Consumers ("CPI-U") for the San Francisco-Oakland-Hayward, CA Region, published by the U.S. Department of Labor, Bureau of Labor Statistics.

“Duplex” means two dwelling units, excluding accessory dwelling units, in a single building or on a single parcel.

“Dwelling unit” means a structure or the part of a structure that is used as a home, residence, or sleeping place by one person who maintains a household or by two or more persons who maintain a common household.

“Fair Return Rent Increases” means the amount by which Base Rent, plus any allowable annual Rent increase, may be increased in accordance with an approved Fair Return Petition submitted pursuant to Section xx.

“Hearing Officer” means ~~mean~~ an individual appointed by the City Manager or their designee to conduct an administrative hearing pursuant to this chapter. The Hearing Officer shall not be a Tenant in the City, and shall have no financial interest in any Rental Unit in the City. Hearing Officers shall be qualified to conduct administrative hearings based on their experience and/or training, as determined by the City Manager or their designee.

“Housing Services” means those services provided and associated with the use or occupancy of a Rental Unit including, but not limited to, repairs, replacement, maintenance, effective waterproofing and weather protection, painting, providing light, heat, hot and cold water, elevator service, window shades and screens, laundry facilities and or privileges, janitorial services, utilities that are paid by the Landlord, refuse removal, allowing pets, telephone, parking, storage, the right to have a specified number of Tenants or occupants, computer technologies, entertainment technologies, including Internet streaming, cable or satellite television services, and any other benefits, privileges or facilities connected with the use or

occupancy of such Rental Unit including a proportionate share of the services provided to common facilities of the building in which such Rental Unit is located and/or of the Property.

“Landlord” means any person, partnership, corporation, or other business entity, including any sublessor, offering for rent or lease any Rental Unit, or portion thereof, in the City. Landlord shall include the agent, representative, predecessor, or successor of the Landlord.

“Maximum Allowable Rent” means the maximum Rent the Landlord may charge for the use or occupancy of any Rental Unit.

~~“Pass Through” means a monetary amount a Landlord is authorized to pass through to, and recover from, one or more Tenants in the form of a surcharge or in addition to Base Rent, for an authorized Capital Improvement. A Pass Through shall not be considered Rent under this Chapter.~~

“Petition” means an application for a Rent adjustment submitted pursuant to Section xx.

“Primary Residence” means a Rental Unit in which the occupant carries on basic living activities for at least nine (9) months of the year, the indicia of which include, but are not limited to: (i) the occupant has identified the residence address for purposes of the occupant's driver's license, voter registration, and/or filing tax returns, (ii) utilities in the name of the occupant are billed to the residence address and-or (iii) the residence address has a homeowner's property tax exemption in the name of the Landlord (if the Rental Unit is claimed as the Landlord's primary residence).

“Program Administrator” means the Community Development Director, or such other person designated by the City Manager to carry out the duties and responsibilities of the Program Administrator.

“Program Fee” means the fee established by the City Council, and payable by Landlords, to reimburse ~~the cover~~ the City's costs of administering this chapter.

“Property” means the real property on which the Rental Units are located.

“Rent” means the amount of fixed periodic consideration paid by a Tenant to a Landlord, as defined by the Rental Agreement between the Tenant and Landlord, for the possession and use of residential property. Rent shall not include ancillary services, including, but not limited to, pet deposits, storage, additional parking or utility pass-throughs. Such consideration shall include, but not be limited to, money and fair value of goods or services rendered to or for the benefit of the Landlord under the Rental Agreement, or in exchange for a Rental Unit or Housing Services of any kind.

“Rental Agreement” means an agreement, written, oral, or implied, between a Landlord and a Tenant for the use and/or occupancy of a Rental Unit and Housing Services.

“Rental Unit” means any unit in any real property, regardless of zoning or legal status, including the land appurtenant thereto, that is rented or available for rent for residential use or occupancy (regardless of whether the unit is also used for other purposes), together with all Housing Services connected with use or occupancy of such property, such as common areas and recreational facilities held out for use by the Tenant. A Rental Unit includes a single-family homedwelling.

“Tenant” means any person having the legal responsibility for the payment of Rent for residential property in the City as identified under a valid lease or Rental Agreement with a Landlord.

“Tenancy” means the right or entitlement of a Tenant to use or occupy a Rental Unit.

4-46-110 Exemptions

The following Rental Units are exempt from the provisions of this Chapter:

- A. Rental units, regardless of ownership, for which Rents are subsidized or regulated by federal law or by regulatory agreements between a Landlord and (i) the City, (ii) the County of Alameda, (iii) a California joint powers agency, or ~~(iiiiv)~~ any agency, department, or political subdivision of the State of California or the Federal Government;
- B. Rental units owned by any public agency;
- C. Rental units that are rented or leased to transient guests for thirty (30) consecutive days or less;
- D. Rooms in hotels, motels, inns, tourist homes, short term rentals, rooming or boarding houses, provided that such rooms are not occupied by the same occupant or occupants for more than thirty (30) consecutive days;
- E. Rooms in any hospital or in a facility for assisted living, skilled nursery, convalescence or extended care;
- F. Rooms in a convent, monastery, fraternity or sorority house, or in a building owned, occupied or managed by a bona fide education institution for occupancy by students;
- G. Rooms in a building or in a Rental Unit where the primary use is providing short-term treatment, assistance or therapy for alcohol, drug or other substance abuse and the room is provided incident to the recovery program and where the occupant has been informed in writing of the temporary or transitional nature of the arrangement at the inception of the occupancy;
- H. Rooms in a building or in a Rental Unit that provide a structured living environment that has the primary purpose of helping formerly homeless persons obtain the skills necessary for independent living in permanent housing and where occupancy is limited to a specific period of time and where the occupant has been informed in writing of the temporary nature of the arrangement at the inception of the occupancy;
- I. Mobile homes or mobile home lots (which are subject to the requirements of City of San Leandro Municipal Code Chapter 4-39);
- J. Rooms in a facility that require, as part of the person's occupancy and use of the room and the facility, some or all of the following: intake, case management, counseling, and an occupancy agreement;

- K. Rental units in which the Landlord owns the Rental Unit, occupies the Rental Unit as the Landlord's primary residence and shares kitchen or bath facilities with one or more Tenants;
- L. Any part of a Rental Unit in which a Tenant has allowed or permitted a person to use or occupy such part of the Rental Unit but that person does not meet the definition of Tenant as defined in this chapter;
- M. Accessory Dwelling Units;
- N. Rental units for which a certificate of occupancy was issued after February 1, 1995;
- O. Rental units alienable or separate from the title to any other dwelling unit or a subdivided interest in a subdivision, as specified in subdivision (b), (d), or (f) of Section 11004.5 of the Business and Professions Code;
- P. Duplexes in which ~~the~~ one of the dwelling units is occupied by the Landlord as the Landlord's primary residence; or
- Q. A Rental Unit which is not the Tenant's primary residence.
- R. Any other unit required to be exempt under state or federal law.

4-46-115 Limit on Rent Increases

- A. Starting ~~2025~~January 1, 2027, a Landlord may increase the Rent for a Rental Unit by a maximum of: i) sixty-five percent (65%) of the annual percentage change in the CPI for the twelve (12) month period ending in October of each year, rounded to the nearest one-tenth of a percent (0.1%), or ii) [TBD – between 3 and 3.75%], whichever is less~~five percent (5%) of the Rent changed for the Rental unit during the preceding 12-month period.~~
- A.B. No later than October 31 of each year, the Program Administrator shall announce the maximum percentage increase by which Rent for eligible Rental Units may be adjusted effective on or after January 1 of the following year.
- B.C. A Landlord may increase the Rent for a Rental Unit no more than one time per 12-month period, except as provided for in this Chapter.
- C.D. In addition to the Rent increase allowed by Section 4-46-120(A), a Landlord may seek a ~~Capital Improvement Pass Through pursuant to Section 4-46-xx or~~ Fair Return Rent increase pursuant to Section 4-46-xx.
- D.E. *Rent increase following vacancy (vacancy decontrol).* When a Tenant has voluntarily vacated, abandoned, or been legally evicted from a Rental Unit, the Landlord may set the initial Rent for the next Tenant, without restriction, at the commencement of the new tenancy.
- E.F. *Allowable annual Rent increase banking prohibited.* A Landlord who seeks to raise the Rent by the allowable annual Rent increase must do so within the 12-month period between January 1 and December 31 of the current year. A Landlord who does not impose an allowable annual Rent increase or any portion thereof in the applicable 12-

month period automatically waives that allowable annual Rent increase or the remaining portion of that allowable annual Rent increase for the remainder of the tenancy.

F.G. Notwithstanding anything herein to the contrary, a Landlord shall be prohibited from imposing any Rent increase, including ~~a capital improvement pursuant to Section 4-46-xx or~~ a Fair Return pursuant to 4-46-xx, unless the Rental Unit is registered with the City pursuant to Chapter 4-45, and the Landlord is not delinquent in any registry fees, accrued interest, fines, and/or penalties.

4-46-120 Limitations on Revising What is in Rent

- A. For any Rental Agreement, or any Rental Agreement that has been converted to a month-to-month Tenancy, in which charges or fees for utilities, parking, storage, pets or any other charge or fee associated with the Tenancy is included in the Rent, a Landlord shall not:
 - 1. Unbundle any of such charges or fees during the term of the Rental Agreement, or the month-to-month Tenancy; or
 - 2. Increase any of such charges or fees except for increased charges paid directly to the Landlord for utilities that are separately metered or for charges for utilities that are pro-rated among the Tenants pursuant to a specified cost allocation system.
- B. For any renewed Rental Agreement, or revisions to the terms of a month-to-month Tenancy, to the extent a Landlord unbundles or increases any of such charges or fees and lists them separately in a new or renewed Rental Agreement, or in the terms of a revised month-to-month Tenancy, the amount of such charges or fees shall be included in calculating the Maximum Allowable Rent.
- C. To the extent that a Tenant requests Housing Services that were not included in an existing Rental Agreement, or month-to-month Tenancy, such as a parking space or storage space, or to the extent that utilities are separately metered or the amount of such utility charges are pro-rated among the Tenants pursuant to a specified cost allocation system but the charges are paid directly to the Landlord, such fees for Housing Services or charges for utilities shall not be included in calculating the Maximum Allowable Rent.

4-46-125 Rent Adjustment Petition Process

The following process shall be used for the filing of a Petition for a ~~Capital Improvement Pass Through, Fair Return Rent Increase,~~ or Tenant Petition for Rent decrease, as provided in this Chapter. A Landlord or Tenant may file a maximum of one Petition per 12-month period.

- A. The Landlord or a Tenant may file a Petition with the Program Administrator to request an upward adjustment of the Rent as provided for in this Chapter. A Tenant may file a Petition with the Program Administrator to request a downward adjustment of the Rent as provided for in this Chapter. The Petition shall be on a form provided by the Program Administrator and shall include all documentation required by the Program Administrator. The Petition shall be accompanied by a fee, in the amount established by the City Council by resolution.

- i. At least thirty days prior to filing a Petition, a Landlord shall notify tenants in writing of its intent to file a Petition and shall hold a meeting at a time and place reasonably accessible to tenants to inform impacted Tenants of the reason for the Petition and to answer questions.
 - ii. At least thirty days prior to filing a Petition, a Tenant shall notify its Landlord in writing of the claimed decrease in Housing Services so that the Landlord has the opportunity to correct the issue.
- B. Upon the filing of a Petition, the Program Administrator shall notify the petitioner of the acceptance or denial of the Petition based on the completeness of the submission, without making any determination regarding the merits of the Petition.
- C. Upon acceptance of a Petition, the Program Administrator shall provide written notice ~~to~~ the Parties affected by the Petition. The written notice shall inform Parties of the Petition process, the right to respond, and include a copy of the completed Petition with ~~the supportive documents~~ supporting documents available upon request. Any response submitted by the responding Party will be made available to the petitioning Party.
- D. Each accepted Petition shall be scheduled for a hearing by the Hearing Officer to be held within ninety (90) calendar days from the date the Program Administrator accepts the Petition. With-By written agreement of the Parties, the Hearing Officer may hold the hearing beyond the ninety (90) days.
~~i.—A hearing shall not be scheduled, and the Petition for a Capital Improvement Pass Through shall be approved by the Program Administrator, if written consent to the Petition is submitted by Tenants of a majority of Rental Units subject to the proposed Capital Improvement Pass Through. If the number of units subject to the proposed Capital Improvement Pass Through is less than ten, a two-thirds majority is required.~~
- E. Before the hearing, the Program Administrator may attempt to mediate a resolution of the Petition, and may, in the Program Administrator's discretion, require the Parties to attend at least ~~a-one~~ mediation session. Such mediation may be handled by the Program Administrator or a third party designated by the Program Administrator.
- F. Notice of time and place of the hearing shall be sent to all parties at least 15 days before the hearing. The Hearing Officer shall have the power and authority to require and administer oaths or affirmations where appropriate, and to take and hear evidence concerning any matter pending before the Hearing Officer. The rules of evidence generally applicable in the courts shall not be binding in the hearing. Hearsay evidence and any and all other evidence which the Hearing Officer deems relevant may be admitted and considered. The Hearing Officer shall have the power to issue subpoenas. The Hearing Officer shall have no authority to consider the constitutionality of any Federal, State or local law or regulation. The hearing may be continued from time to time by the Hearing Officer as it deems necessary.
- G. Any Party may appear and offer such documents, testimony, written declarations, or other evidence as may be pertinent to the proceeding. Each Party shall comply with the Hearing Officer's request for documents and information and shall comply with the other Party's reasonable requests for documents and information. The Hearing Officer may proceed with the hearing notwithstanding that a Party has failed to appear, failed to provide the documents or information requested by the Hearing Officer or a Party has failed to provide documents or information requested by the other Party. The Hearing

Officer may take into consideration, however, the failure of a Party to provide such documents or information.

- H. Any Party that submits documentation or other evidence related to a Petition shall declare such evidence to be true and correct under penalty of perjury.
- I. The Party who files the Petition shall have the burden of proof. The Hearing Officer shall not grant the Petition unless supported by a preponderance of the evidence.
- J. The hearing will be recorded.
- K. All parties to a Petition may seek assistance from attorneys, recognized Tenant organization representatives, or any other person designated by said parties.
- L. Within thirty (30) days of the close of the hearing, the Hearing Officer shall make a determination, based on the preponderance of [the](#) evidence, whether there should be an upward or downward adjustment of Rent, and shall make a written statement of decision upon which such determination is based. The Hearing Officer's allowance or disallowance of any upward or downward adjustment of Rent may be reasonably conditioned in any manner necessary to effectuate the purposes of this Chapter. The Hearing Officer shall provide the statement of decision to the Program Administrator who shall provide copies to the Parties.
- M. The Hearing Officer's decision shall be final unless judicial review is sought within sixty (60) days of the date of the Hearing Officer's decision. If a Party seeks judicial review of the Hearing Officer's decision, such Party shall immediately serve the Program Administrator with the judicial filing. An upward or downward adjustment of Rent shall take effect immediately upon the Hearing Officer's decision unless provided otherwise in the decision regardless of whether a Party seeks judicial review pursuant to Code of Civil Procedure Sections 1094.5 and 1094.6

4-46-130 — Capital Improvements

~~Landlord may file with the Program Administrator a Petition for a Capital Improvement Pass Through, subject to the requirements of this Section.~~

~~A. Limitations on Pass Throughs for Capital Improvements~~

- ~~1. A Petition to impose a Capital Improvement pass-through must be initiated by the Landlord prior to, or within six (6) months of completion of, the Capital Improvement work.~~
- ~~2. The costs for the Capital Improvements are no less than \$10,000 for all Capital Improvements referenced in the Petition and the direct cost is not less than \$1000 per Rental Unit affected. These dollar amounts shall be adjusted annually based on the percentage change in the Consumer Price Index for the twelve (12) month period ending December of each year.~~
- ~~3. A Landlord may not impose a Pass Through earlier than twelve (12) months after the inception of the Tenancy.~~
- ~~4. All Pass Throughs authorized pursuant to a Capital Improvement Plan shall immediately terminate for any Rental Unit that becomes vacant.~~
- ~~5. No Capital Improvement Pass Through shall be approved where the number of Rental Units at the subject Property equals or exceeds twenty-five (25).~~

~~B. Approval of Pass Through~~

- ~~1. The Hearing Officer shall review the Petition, and any relevant information submitted by the Tenants of the subject property, and shall approve the Petition if the Landlord has provided documentation to establish, by a preponderance of the evidence, the need for the Capital Improvement and the reasonableness of the cost or estimated costs.~~
- ~~2. If the Petition is submitted prior to completion of the work, once there has been a final determination of the amount of the Pass Through, the amount of the Pass Through shall not be subject to future increases, including revisions based on actual construction costs, except that the Landlord shall provide documentation to show that the actual construction costs were equal to or greater than the estimate included in the Petition.~~
- ~~3. The Hearing Administrator shall not include in the Pass Through any portion of the cost of the Capital Improvement which is due to an unreasonable delay in the undertaking or completing of any improvement or repair, or failure to do routine maintenance.~~

~~C. Calculating Pass Through~~

- ~~1. Capital Improvement Costs must be amortized over the useful life of the improvement under the provisions of the Internal Revenue Code and related regulations.~~
- ~~2. Where a Landlord is reimbursed in any manner for Capital Improvements (e.g., insurance), this reimbursement must be deducted from such Capital Improvements before costs are amortized and allocated among the Rental Units.~~
- ~~3. For mixed-use development, only the percent of residential square footage will be applied in the calculations. The same principle shall apply to developments with Rental Units exempt from this chapter, including Landlord-occupied Rental Units.~~
- ~~4. If a Petition for a Pass Through, if approved, would result in a cumulative Pass Through exceeding five (5%) percent of any Tenant's current Rent as such Rent is determined at the time the Petition is filed, the pass through for any such Tenant shall be permanently capped at five (5%) percent for the Tenant's current Rent.~~
- ~~5. If the number of Rental Units subject to the Pass Through:~~
 - ~~a. Is four (4) or fewer, then the Hearing Officer shall allocate to the Pass Through amount one hundred percent (100%) of the such cost;~~
 - ~~b. Is five (5) or more, but less than sixteen (16), the Hearing Officer shall allocate to the Pass Through amount only seventy-five (75%) percent of such cost;~~
 - ~~c. Is sixteen (16) or more, but less than twenty-five (25), the Hearing Officer shall allocate to the Pass Through amount only fifty (50%) percent of such cost;~~
 - ~~d. The Program Administrator shall reject a Petition for a Capital Improvement Pass Through where the number of Rental Units at the subject property equals or exceeds twenty-five (25).~~
- ~~6. If a Petition for a Pass Through is approved, the Hearing Officer shall identify the monthly amount of the Pass Through and the number of months the Pass Through~~

~~shall remain in effect. The Landlord is prohibited from imposing or collecting the Pass Through after such period of time has ended.~~

~~D. This Section does not preclude a Landlord from filing a Petition for a Fair Return Rent Increase to the extent full recovery of the cost of Capital Improvements is necessary in order to provide the Landlord with a constitutionally required Fair Return on property.~~

4-46-13~~05~~ Fair Return Petition

Landlords who believe they are not receiving a constitutionally required Fair Return on their property may submit a Fair Return Rent Increase Petition to the Program Administrator to request an increase in the Maximum Allowable Rent beyond that which is otherwise permitted by this Chapter.

A. *Standard for approving a Fair Return Petition.*

1. The Landlord has the right to obtain a net operating income equal to the base year net operating income adjusted by the percentage change in the CPI since the base year. It shall be presumed that this standard provides a Fair Return. The current year CPI shall be the annual CPI for the calendar year preceding the date the Fair Return Petition is filed. The Hearing Officer shall make a determination whether the Landlord will receive a Fair Return under this standard. In evaluating whether or not the Landlord is receiving a Fair Return on their investment, the Hearing Officer may consider other relevant factors without limitation.
2. Nothing in this section shall be interpreted to authorize any lawful Rent increase in any 12-month period for a covered Rental Unit in excess of the amount authorized by State law, as may be amended.

B. *Base year net operating income.* The base year and current year net operating income shall be determined by subtracting the actual operating expenses for the relevant year from the gross income realized during the relevant year. The Landlord shall provide evidence of gross income, operating expenses, and the determination of net operating income for the base year and current year. All figures and documents shall be certified by the Landlord under penalty of perjury as true and correct and with respect to expenses and income used to determine gross income. When ownership of a Rental Unit subject to this Chapter is sold, the new Landlord is expected to obtain relevant records for determining the Base Year net operating income from ~~the~~ the prior Landlord.

C. *Rebuttal of base year net operating income presumption.* Any party to the hearing may present evidence to rebut the presumption of Fair Return based upon the base year net operating income, and the Hearing Officer may adjust said net operating income accordingly if at least one of the following findings is made:

1. The Landlord's operating expenses in the base year were unusually high or low in comparison to other years. In such instances, adjustment may be made in calculating operating expenses so the base year operating expenses reflect average expenses for the property over a reasonable period of time. The Hearing Officer shall consider the following factors in making this finding:

- a. Extraordinary amounts were expended for necessary maintenance and repairs;
 - b. Maintenance and repair ~~was~~were below accepted standards so as to cause significant deterioration in the quality of services provided;
 - c. Other expenses were unreasonably high or low in comparison to prudent business practices;
 - d. Costs of debt service paid during the base year, where the proceeds of the debt were used for capital improvements or rehabilitation in the property.
 2. The gross income during the base year was disproportionate. In such instances, adjustments may be made in calculating gross income consistent with the purposes of this section. The Hearing Officer shall consider the following factors in making this finding:
 - a. The gross income during the base year was lower than it might have been because some Tenants were charged reduced Rent;
 - b. The gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary eviction or vacancies for a substantial remodel, construction, or repairs.
 - c. The Rent charged by the Landlord in the base year was significantly below the HUD FMR Rent for the most similar unit type.
- D. *Determination of current net operating income.* The net operating income as of the date of filing a Fair Return Petition shall be determined by:
1. Calculating gross income;
 2. Determining the operating expenses during the immediately preceding calendar year;
 3. Subtracting the operating expenses determined from the annualized gross income.
- E. *Calculation of gross income.*
1. For the purposes of determining the net operating income, gross income shall be the sum of the following:
 - a. Gross Rent calculated as annualizing the Rent in effect as of the date of filing at 100 percent occupancy, adjusted for uncollected Rent;
 - b. Income from any laundry facilities and parking fees;
 - c. All other income or consideration received or receivable in connection with the use or occupancy of the covered Rental Unit.
 2. Gross Rent shall be adjusted for uncollected Rent due to vacancy (unless the Landlord has failed to use reasonable efforts to fill the vacancy) and bad debts to the extent such are beyond the control of the Landlord. No such adjustment shall be greater than three percent of gross Rent unless justification for a higher rate is demonstrated by the Landlord.
- F. *Calculation of operating expenses.*
1. For the purposes of determining net operating income, operating expenses shall include the following:
 - a. Reasonable costs of operation and maintenance.
 - b. Utility costs to the extent they are not paid by the Tenants.

- c. Landlord-performed labor compensated at reasonable hourly rates. No Landlord-performed labor shall be included as an operating expense unless the Landlord submits documentation showing the date, time and nature of the work performed. There shall be a maximum allowed under this provision of five percent of gross income unless the Landlord shows greater services were performed for the benefit of the Tenants.
 - d. Real property taxes and assessments.
 - e. Reasonable costs of operation and maintenance including, but not limited to, costs associated with repairs mandated by law.
 - f. Insurance costs to the extent they are not paid by the Tenants.
 - ~~g. Capital Improvements, including reasonably related debt service costs, or portions thereof, not paid for by a Capital Improvement Pass Through.~~
2. Operating expenses shall not include the following:
- a. Mortgage principal or interest payments or other debt service costs or lease payments.
 - b. Any penalties, fees or interest assessed or awarded for violation of any provision of this chapter or of any other provision of law.
 - c. Legal fees except attorneys' fees and costs incurred in connection with successful good-faith attempts to recover Rent owing, successful good-faith unlawful detainer actions not in derogation of applicable law, and legal expenses necessarily incurred in dealings with respect to the normal operation of the property to the extent such expenses are not recovered from adverse or other parties. Attorneys' fees incurred in relation to this section are not allowable as operating expenses.
 - d. Political contributions.
 - e. Any expenses for which the Landlord has been or will be reimbursed by any discount, security deposit, insurance payment or settlement, judgment for damages, settlement or any other method or device.
 - f. Avoidable and unnecessary expense increases since the base year.
 - g. Depreciation.
 - h. Expenses which are excessive in relation to the customary and reasonable costs of such items.
 - i. The costs of capital improvements associated with the purchase and/or installation of separate meters or service unless the Landlord can demonstrate that such improvements benefit the Tenants.

G. Determination of Fair Return Rent increase.

- 1. After the hearing, the Hearing Officer shall set the Fair Return Rent increase in the amount required to provide the Landlord with a Fair Return.
- 2. In determining the Fair Return Rent increase required to provide the Landlord with a Fair Return, the following shall be determined:
 - a. The Fair Return in accordance with subsection xxx
 - b. The gross income required to produce the Fair Return;
 - c. The Rent increase needed to produce the required gross income.

- A. A decrease in Housing Services for a Rental Unit, without a corresponding reduction in Rent, is considered an increase in Rent. If a Tenant believes that the Landlord has not decreased the Rent to reflect a reduction in Housing Services, then the Tenant may submit a Petition for a Rent decrease to the Program Administrator.
- B. In making an individual downward adjustment of Rent, the Hearing Officer may consider decreases in Housing Services, living space, or amenities; substantial deterioration of the Rental Unit other than as a result of ordinary wear and tear; the Landlord's failure to comply substantially with applicable housing, health and safety codes; or the Landlord's failure to comply with this Chapter.
- C. The Hearing Officer shall decrease the Tenant's Rent by an amount equivalent to the value of the reduced Housing Services.
- D. All Petitions pertaining to Tenants in the same property shall be consolidated for determination.

4-46-140 Notices

- A. In addition to any other notice required to be given by law or this Chapter, a Landlord shall provide to a prospective Tenant (1) a written notice, in a form provided by the Program Administrator, that the Rental Unit is subject to this Chapter, (2) a copy of the then current information brochure(s) that the Program Administrator provides that explains this Chapter.
 - i. A Landlord satisfies the requirements of this Section by providing to a prospective Tenant a hard copy of the materials set forth in subsection A of this Section or, if a prospective Tenant so consents in writing to receive notice by being referred to the Program Administrator's website where the materials can be found online. A Landlord shall document that the prospective Tenant has been informed of the choices and of what choice the prospective Tenant made including, where applicable, the prospective Tenant's written acknowledgement to receive the materials online.
- B. In addition to any other notice required to be given by law or this Chapter, at the time when a Landlord provides notice of any Rent increase, the Landlord shall also provide notice regarding the requirements of this Ordinance related to allowable Rent increases, in a form provided by the Program Administrator.
- C. The forms of notice provided by the Program Administrator shall be translated into languages besides English in accordance with the City's most recently adopted Language Access Plan.

4-46-145 Buyout Agreements

- A. Before making an offer to a Tenant of a Buyout Agreement, a Landlord must give a Tenant a written disclosure document, in a form set by the Program Administrator, setting forth the Tenant's rights concerning the Buyout Agreement including the following:
 - 1. The right not to enter into the Buyout Agreement;
 - 2. The right to consult an attorney and the right to revise the Buyout Agreement before signing the Buyout Agreement;

3. The right to consult the Program Administrator regarding the Buyout Agreement; and
 4. The right to rescind the Buyout Agreement any time up to thirty (30) calendar days after the Tenant has signed the Buyout Agreement.
- B. A Buyout Agreement that does not satisfy all the requirements of this Ordinance and applicable regulations and the regulation is not effective and the Tenant may rescind the Buyout Agreement at any time, even after thirty (30) calendar days from the date the Tenant signed the Buyout Agreement. In order to rescind a Buyout Agreement, the Tenant must hand deliver, email or place in the U.S. mail a statement to the Landlord that the Tenant has rescinded the Buyout Agreement.
- C. The Landlord shall provide the Tenant a copy of the Buyout Agreement when all the parties have signed and shall file the signed Buyout Agreement with the Program Administrator within three (3) calendar days after all parties have signed.

4-46-1505 Retaliation Prohibited

It shall be unlawful for a Landlord to retaliate against a Tenant for the Tenant's assertion or exercise of rights under this Chapter in any manner, including taking action to terminate a tenancy except when allowed under applicable law, reduce any Housing Services, or increase the Rent. Such retaliation may be a defense to an action to recover the possession of a Rental Unit and/or may serve as the basis for an affirmative action by the Tenant for actual damages, treble damages and/or injunctive relief as provided herein. The prevailing party in an action for retaliation shall recover costs and reasonable attorneys' fees

4-46-15560 No Waiver

- A. Any waiver or purported waiver by a Tenant of rights granted under this Chapter shall be void as contrary to public policy.
- B. It shall be unlawful for a Landlord to require or attempt to require as a condition of tenancy in a Rental Unit that a Tenant or prospective Tenant waive in a lease or Rental Agreement or in any other agreement the rights granted to a Tenant by this Chapter.

4-46-1605 Landlord's Failure to Comply

A Landlord's failure to comply with any requirement of this Chapter may be asserted as an affirmative defense in an action brought by the Landlord to recover possession of the Rental Unit. Additionally, any attempt to recover possession of a Rental Unit in violation of this Chapter shall render the Landlord liable to the Tenant for actual damages, treble damages, including damages for emotional distress, and injunctive relief in a civil action for wrongful eviction. The Tenant may seek injunctive relief and money damages for wrongful eviction. The prevailing party in an action for wrongful eviction shall recover costs and reasonable attorneys' fees.

4-46-16570 Penalties & Remedies for Violations

- A. Any person violating any provision of this Chapter may be subject to enforcement pursuant to Chapter 1-12 of this Code.

- B. Any aggrieved person, including the City and the People of the State of California may enforce, and seek to enjoin the violation of, this Chapter by means of a civil action. The burden of proof in such cases shall be preponderance of the evidence. As part of any civil action brought by the People of the State of California or City to enforce this Chapter, a court shall assess a civil penalty in an amount up to the greater of two thousand five hundred (\$2,500.00) dollars per violation per day or ten thousand (\$10,000.00) dollars per violation, fifty (50%) percent payable to the City and fifty (50%) percent to the person or persons whose rights were violated, against any person who commits, continues to commit, operates, allows or maintains any violation of this Chapter. Any violator shall be liable for an additional civil penalty of up to five thousand (\$5,000.00) dollars for each offense committed against a person who is a senior adult, has a disability, or is in a household with one (1) or more minor children.
- C. Landlord who has terminated a tenancy on grounds not permitted under ~~this~~ applicable law shall not impose Rent for the new tenancy that exceeds the Maximum Allowable Rent at the time the prior tenancy was terminated.
- D. Any Rental Unit or Property conducted or maintained contrary to this Chapter shall constitute a public nuisance.
- E. The remedies provided in this Chapter are not exclusive, and nothing in this Chapter shall preclude any person from seeking any other remedies, penalties or procedures provided by law.

4-46-1705 Compliance with State law

Nothing in this Chapter is intended to excuse Landlord or Tenant's compliance with applicable provisions of State or Federal Law, including but not limited to notices regarding Rent increases.

4-46-17580 Program Fee

- A. All or any portion of the City's reasonable costs to administer this chapter may be collected by the imposition of a program fee. The amount of the program fee shall be determined by resolution of the City Council adopted from time to time. The program fee shall not exceed the amount necessary to reimburse the City for the reasonable cost of administering the residential rent stabilization program established by this chapter.
- B. Landlords shall pay the program fee to the City annually at the time of submission of the registration required by Chapter 4-45. Any Landlord responsible for paying the program fee who fails to pay the program fee within thirty (30) calendar days of its due date shall, in addition to the program fee, pay additional late charges, penalties ~~or~~ assessments as determined by resolution of the City Council. If a Landlord fails to pay the required program fee, or any accrued charges, penalties or assessments, the City may record such outstanding amounts as a lien or special assessment on the real property for which the fees are outstanding. Prior to recording any such lien or special assessment, the City shall comply with the procedures in San Leandro Municipal Code section 1-12-600.

- C. Up to fifty percent (50%) of the Program Fee may be allocated to a Tenant, to be paid by the Tenant in two equal installments, paid six months apart. Such payments shall not be included in the calculation of the Maximum Allowable Rent.

4-46-1805 Annual Review

The Program Administrator shall annually prepare a report to the Council assessing the effectiveness of ~~the Programs under~~ this Chapter and recommending changes as appropriate.

4-46-18590 Implementing Regulations

The Program Administrator shall have the authority to promulgate regulations to implement the requirements and fulfill the purposes of this Chapter. Such regulations shall be binding on all Tenants and Landlords.