



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: SEPTEMBER 10, 2024

DEPARTMENT: CITY ATTORNEY'S OFFICE

FROM: CHRISTOPHER A. CALLIHAN, CITY ATTORNEY

TITLE: RENT STABILIZATION AND TENANT PROTECTION;
INTRODUCTION OF ORDINANCES

RECOMMENDED MOTION:

A motion to introduce three ordinances for adoption on September 24, 2024: Rent Stabilization, Tenant Protection and Just Cause Eviction, and Tenant Anti-Harassment.

EXECUTIVE SUMMARY:

The Ordinances presented for the City Council's introduction have been brought forward to the City Council at the request of Council member Rocha, with the support of Council member González, and at the unanimous direction given by the City Council members present on August 20, 2024.

All prior reports and presentations provided to the City Council and the Housing and Land Use Committee are incorporated herein by this reference.

BACKGROUND:

On August 20, 2024, a presentation was given to the City Council on three draft ordinances: Rent Stabilization, Tenant Protection and Just Cause Eviction, and Tenant Anti-Harassment. After receiving the presentation and receiving testimony from the public, the City Council members present unanimously directed staff to update the draft ordinances consistent with the City Council's direction and present the updated draft ordinances to the City Council for introduction on September 10, 2024, and adoption on September 24, 2024.

On August 20, 2024, the City Council provided the following direction:

1. Rent Stabilization Ordinance: Set the maximum rent increase allowed under the Rent Stabilization Ordinance per twelve-month period at 2.75% or 75% of the Consumer Price Index (CPI), whichever is lower.
2. Rent Stabilization Ordinance: All notices required to be provided by the Landlord under the Ordinance must be provided in both English and Spanish.

3. Rent Stabilization Ordinance: The language in Section 17-02.08 be revised to allow for pass through of capital improvement costs only after the work has been completed; petitions for pass through of capital improvements cannot be filed until after the work has been completed.
4. Rent Stabilization Ordinance: Properties listed as historic resources on a local, state, or federal register are to be exempt from the Ordinance.
5. Tenant Protection and Just Cause Eviction Ordinance: For evictions resulting from action under the Ellis Act (Section 17-02.57) the Landlord is to be required to provide three months' rent as relocation assistance.
6. Tenant Protection and Just Cause Eviction Ordinance: The provision at the end of Section 17-02.54(d)(2) related to screening of tenants using "industry accepted methods" is to be deleted.
7. The operative date of the three ordinances is to be January 1, 2025.

In addition to those revisions specifically directed by the City Council, findings were drafted based on the City Council's comments, the reports presented, and the public testimony received on August 20, 2024. A provision was added at Section 17-02.53(b)(1)(A) of the Tenant Protection and Just Cause Eviction Ordinance: This subsection was included in previous drafts of the Ordinance but was inadvertently left out of the draft presented to the City Council on August 20, 2024. Formatting and typographical corrections were also made in the three ordinances.

CEQA CONSIDERATION:

Not a Project. The City Council's adoption of the ordinances is not a project subject to environmental review under the California Environmental Quality Act (CEQA Guidelines section 15061(b)(3).) Additionally, the City Council's adoption of the ordinances is exempt because it does not meet the definition of a "project" under CEQA, pursuant to CEQA Guidelines sections 15060(c)(1) and 15378(a), because it has no potential to result in a direct or reasonably foreseeable physical change in the environment.

STRATEGIC PLAN INITIATIVE:

The City Council's consideration of whether to establish and to implement rent stabilization and tenant protection strategies is consistent with the City Council's goal of promoting Housing/Affordable Housing (City of Salinas Strategic Plan 2022-2025).

DEPARTMENTAL COORDINATION:

City Administration, the City Attorney's Office, and Community Development Department will continue to coordinate on the implementation of the rent stabilization program following the City Council's action.

FISCAL AND SUSTAINABILITY IMPACT:

Should the City Council adopt the rent stabilization and tenant protection program, the City will need to augment its existing staffing and support to effectively implement and manage the program. Staff has identified two potential ways to accomplish this. The first is to add between 3 and 6 staff members which is estimated between \$621,404 and \$1,246,976. The second option is to explore working with a consultant to provide the services. The City would have to perform additional research to better estimate the cost. The ordinances contemplate the City will recover its costs through the adoption of a fee paid by the property owners renting units. Should the City Council adopt the rent stabilization and tenant protection program, a resolution will be brought forward at a later date to establish the program fee. At which time the budget would be established for this program and brought forward to the Council for adoption.

If this item moves forward and a program fee is established, there will be a delay in the revenue received by the City, which is not uncommon when setting a new program; but it will impact the City's cash position in the short term and perhaps long term based on the fee ultimately established and the collection rate. In the interim, the City would need to rely on its cash flow, analyze current budgeted programs/projects, and/or reserves.

ATTACHMENTS:

Rent Stabilization Ordinance
Tenant Protection and Just Cause Eviction Ordinance
Tenant Anti-Harassment Ordinance