

Rent Stabilization and Tenant Protection

August 20, 2024
Salinas City Council



Community Development Team

Housing

- Cassandra Orozco
- Cristina Gonzalez
- Francisco Brambila
- Luis Ochoa
- Luis Rodriguez
- Monica Flores

APPI

- Monica Gurmilan
- Crystal Casillas

SORT

- Karina Vasquez
- Jennifer Torres
- Brenda Mendiola
- Cesar Ayala
- Destiny Villa
- Mark Gallegos
- Leslie Ruvalcaba

Community Engagement

- Public process began on October 24, 2023
 - Housing and Land Use Committee Meetings
 - TAC Meetings: April 30, May 15, May 29, and July 17, 2024
 - Community Listening Session: June 6, 2024
 - Community Engagement Meetings: June 13, 2024; August 1, 2024
- Notices sent directly to the Housing Division's Distribution list (162 individuals)
- Community Relations: Notices distributed through social media and other platforms for a total engagement/reach of 28,986 users
 - 932 individuals signed up to receive direct notifications
- Local media have covered the City's progress on this program

Purpose of Meeting; Agenda

- Review Rent Stabilization Ordinances and Program
- Receive report from Economic & Planning Systems, Inc.
- Receive questions, comments, and direction from the City Council

Purpose and Intent of Program

- Rent Stabilization and Tenant Protections are intended to protect residential tenants from unreasonable rent increase and to protect tenants from arbitrary, discriminatory, or retaliatory evictions
- At the same time assure landlords the right to a fair return

Rent Stabilization: Costa-Hawkins

- Power to establish rent control is limited by the Cost—Hawkins Rental Housing Act (January 1, 1995)
- Restricts the powers of cities:
 - Cities may not create rent control for single-family homes, condominiums, and multi-family housing first occupied after February 1, 1995
 - Prevents “vacancy control” in all types of housing: Allows landlords to raise the rent to market rate when the tenant moves out

Rent Stabilization Ordinance

- Applies to:
 - All Rental Units, unless exempt
 - Multifamily dwelling units building BEFORE February 1, 1995
 - Mobile homes
- Exempt:
 - Single-family rentals
 - Condominium rentals
 - Rental units which are deed restricted as affordable
 - Multifamily dwelling units built AFTER February 1, 1995
 - Institutional and transient guest units

Rent Stabilization Ordinance, continued

- Limits on Rent Increases: Tenant Protection Act of 2019
 - Allows up to 2 rent increases per 12-month period
 - Combined, must be less than 5% + CPI or 10%

Rent Stabilization Ordinance, continued

- Limits Rent Increases
 - One increase per 12-month period
 - Maximum amount of increase:
 - 2.5% to 2.75% or 65% to 75% of the Consumer Price Index for All Urban Consumers (CPI-U) Series Title: All items in West urban, all urban consumers, not seasonally adjusted
- Retroactive to December 31, 2023

Rent Stabilization Ordinance, continued

- Allows landlord/owner to petition for relief to receive a fair and reasonable return
- Allows tenants to petition for rent reductions if rent is charged in excess of the ordinance limits
 - Hearing Officer will review; Subject to appeal to the City Council
- Allowance for capital Improvements

Rent Stabilization Ordinance, continued

- Adds a definition for “Housing Services”
 - Amenities and services provided by the Landlord, including parking and utilities
 - A reduction in Housing Services is considered a rent increase
- Pass through of utility costs
- Rent increases not permitted
 - Failure to comply with Ordinance
 - Rental Unit not maintained in habitable condition
- Notice of Ordinance protections must be provided (English and Spanish)
- Rent Program Fee imposed on Rental Units
 - Fee to be set by Resolution of the City Council

Prop 33: Prohibit State Limitations on Local Rent Control Initiative

- “Justice for Renters Act”
 - Designed to repeal Costa-Hawkins
 - Would allow cities and counties to limit rent on all types of housing and for first-time tenants
 - Would allow cities and counties to limit how much a landlord may increase rents when a new tenant moves in
 - Prevents state from taking future actions to limit local rent control
- City Council Considerations
 - Include Costa-Hawkins exemptions in Rent Stabilization Ordinance?

Economic & Planning Systems, Inc.

Tenant Protection, Just Cause Eviction

- Intent is to provide housing stability and limit adverse impacts on displaced tenants
- Applies to all Rental Units, unless exempted
 - Hotels, motels
 - Rental Units where owner maintains their Primary Residence
- Applies at start of tenancy

Tenant Protection, Just Cause Eviction, continued

- Just Cause required for termination of tenancy
- At Fault
 - Failure to pay rent
 - Breach of lease
 - Except for addition of family members
 - Nuisance, waste
 - Criminal activity
- No Fault
 - Owner move-in
 - Temporarily vacate for substantial repairs, demolition
- Ellis Act Provision
 - Removal of Rental Unit from Rental Market
 - (Relocation Assistance)

Tenant Protection, Just Cause, continued

- Requirements Upon Termination of Tenancy (At-Fault)
 - Provide notice and an opportunity to cure
 - Must demonstrate good faith, honest intent, and with no ulterior motive
 - Notices filed with the City

Tenant Protection, Just Cause, continued

- Requirements Upon Termination of Tenancy (No Fault Evictions)
 - Requires notice to Tenant; Notices filed with City
 - Offer to renew if property back on market within 5 years
 - Relocation Assistance: Three months of actual rent (in addition to security amounts or deposits)
 - Additional notice of Residential Tenant Protections
- Notices must be in English and Spanish

Anti- Harassment

- Intent is to protect vulnerable populations and to prevent adverse health impacts as a result of involuntary displacement
- Applies to all residential rental units, including single-family residences and condominiums
- Prohibits landlord retaliation against tenants in response to a tenant exercising their legal rights:
 - Increasing rent
 - Refusing rent
 - Decreasing or eliminating housing services or access to amenities
 - Refusing to renew a lease or rental agreement
 - Physical or verbal harassment

Proposed Operative Date; Fiscal and Sustainability Impact

- Proposed Operative Date: January 1, 2025
- Fiscal and Sustainability Impact
 - Additional staff resources or contract support
 - Additional cost to the City
 - Budget will need to be established for the program and brought forward to the City Council
 - Program Fee, but delay in revenue received by the City

Timing and Next Steps

- August 20, 2024, City Council Meeting
 - How does the City Council want to proceed?
- Next City Council Meetings
 - September 10, 2024, Introduction of Ordinance
 - September 24, 2024, Adoption of Ordinance
- January 1, 2025, Operative Date of Ordinance