Item E: Department Unit Presentation - Public Information Unit

September 19, 2018 | Regular Meeting of the Richmond Rent Board
Intake Process: The “Blue Card”

CITY OF RICHMOND RENT PROGRAM

Date: 9/7/18  Time: 10:02
Name: ___________________________ Phone: ___________________________

Rental Address: ___________________________ Street ___________________________
City ___________________________ Zip Code ___________________________

Email: ___________________________

Would you like to have your email added to our Rent Program Listserv? Yes ☐ No ☐

I am a: Tenant ☐ Landlord ☐ Property Manager ☐ Homeowner ☐ Other ___________________________

Preferred Language:  English ☐ Spanish ☐

Reason for Visit (Please check all that apply):
Billing ☐ Enrollment ☐ Eviction ☐ Excess Rent Refund ☐ File Paperwork ☐ General Questions ☐
Habitability Issues ☐ Mediation ☐ Owner Move-in / Withdrawal from Rental Market ☐ Relocation Payment ☐
Rent Adjustment Petition ☐ Rent Increase ☐

Have you spoken with a Counselor before? Yes ☐ No ☐

If yes, with who?: Magaly Chavez ☐ Vickie Medina ☐ Other ___________________________

Rent Program
Services
Analyst Role
and Responsibilities
**Common Landlord and Tenant Question Topics**

**Landlord(s)**
- Rent Control
  - Rent Rollback and Excess Rent Refund
  - Explaining the AGA, MAR, and California Noticing Requirements
- Just Cause
  - Explaining the protections and requirements
  - Eviction Process for Just Cause
  - Temporary and Permanent Relocation Assistance

**Tenant(s)**
- Rent Control
  - Explaining the AGA, MAR, California Noticing Requirements, and banking
  - Excess Rent Refund and Petition
- Just Cause
  - Explaining tenant’s rights under the ordinance and options
  - Explaining Notices
  - Referral to Legal Services
- Habitability
  - Inspection Request, Petition Process, and requirements under California Civil Code
Topics related to Compliance and Enforcement

Landlord(s)

- Billing
- Enrollment
- Education about procedural requirements

Tenant(s)

- Education on the Ordinance and California Civil Code
## August Numbers for Monthly Report

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Year to Date Numbers: January 1 to Present

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Item H-1: Proposed Amendments to Ellis Act Regulation
Item H-1: Statement of the Issue

Recently, staff members have received various concerns from Landlords regarding the Ellis Process. These concerns consist of the following:

- The process is too confusing
- The process does not allow for a designated agent to act on a Landlord’s behalf to fulfill various requirements.
- The process requires duplicative actions
The Ellis Act is a California law (Government Code Section 7060-7060.7 et. Seq), which permits Landlords to withdraw their rental property from the rental market.

The Ellis Act also permits local rent stabilization jurisdictions to regulate the manner in which a rental property may be withdrawn from the rental market.

In accordance with the Ellis Act, the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Chapter 11.100, Richmond Municipal Code) identifies "Withdrawal from the Rental Market" under Government Code Section 7060 et. seq. (Ellis Act) as a Just Cause for Eviction in the City of Richmond.
Consistent with Government Code Section 7060-7060.7, On September 20, 2017, the Rent Board enacted Chapter 5 of the Regulations, to create a series of requirements a Landlord must fulfill to have successfully withdrawn a rental property from the rental market.
After reviewing Regulation 503, staff members are proposing amendments to Regulation 503 to do the following:

- Reorganize the steps of withdrawing a rental property to reflect a more consistent process
- Clarify that Landlords may use designated agents to satisfy various requirements.
- Remove requirements of recording a certificate and providing tenants with a stamped, self addressed postcard.
Staff has published a written step-by-step reorganized process on the Rent Program website. Staff has found that Landlords are better able to follow the steps as listed on the Rent Program website, and would like the order listed on the website be reflected in Regulation 503.
Item H-1: Clarifying that landlords are permitted to use designated agents to satisfy most of Regulation 503 requirements is reasonable because:

- Some Landlords who own property in Richmond do not reside in Richmond and do not have either the time or means to travel to Richmond to file a document.

- Landlords moving forward with any termination of tenancy, but especially complicated no-fault terminations are generally encouraged to consult with or hire an attorney to avoid technical missteps that can lead to unnecessary and costly dismissals and or restart of the eviction process.

Landlords would still have to sign and notarize the memorandum to be recorded with the County.
To remove any duplicative or superfluous steps from Regulation 503, staff members reviewed the Regulation and consulted the Contra Costa County Assessor’s Office. Staff found that:

- The memorandum must be filed with the Recorder’s Office but the Certificate may be held by the Rent Program.

- The requirement that the Landlord provide Tenants with a stamped postcard, whereby a Tenant may indicate that they are entitled to relocation benefits duplicates the Relocation Ordinance’s requirement that the Landlord serve a copy of a Notice of Entitlement to Relocation payments on the Tenant when filing a copy of the notice of termination of tenancy pursuant to Richmond Municipal Code 11.100.050(a)(7)
ADOPT amendments to Rent Board Regulation 503 (Notice Requirements) to (1) reorganize the steps of withdrawing a rental property to reflect a more consistent process; (2) clarify the permissible use of authorized agents to file, serve, and record required documents; (3) remove the obligation that a Landlord record a “certificate” indicating that they have initiated actions to terminate tenancies of their rental properties; and (4) remove the obligation that Landlords provide Tenants with stamped postcards, whereby a Tenant may indicate that they are entitled to relocation benefits – Rent Program (Nicolas Traylor 620-6564).
Item H-2: Determining the Lawful Rent in Master Tenant – Subtenant Occupancies

September 19, 2018 | Regular Meeting of the Richmond Rent Board
Item H-2: Statement of the Issue

- The Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance (Rent Ordinance) prohibits Landlords from charging Tenants more than the Maximum Allowable Rent.

- If a Tenant is charged in excess of the Maximum Allowable Rent, they may file a petition on the grounds of excess rent payment.

- The proposed regulation prohibits Master Tenants in rent-controlled units from demanding more Rent from subtenants than that which is lawfully paid to the Landlord, and extend to subtenants the right to file a petition for a downward rent adjustment on the grounds of excess rent payment to the Master Tenant.
The Rent Ordinance defines “Landlord” as “an owner, lessor, sublessor or any other person entitled to receive Rent for the use and occupancy of any Rental Unit, or an agent, representative or successor of any of the foregoing” (RMC 11.100.030 (f)).

Master Tenants are considered “Landlords” and are therefore subject to the same requirement to maintain rent levels that do not exceed the lawful Rent in a Controlled Rental Unit.

There are two circumstances in which Subtenants can be charged excessive Rent by the Master Tenant:

1. Where the Master Tenant subleases an entire Controlled Rental Unit, and charges a Subtenant(s) more Rent than the Master Tenant actually and lawfully pays the Landlord.
2. Where a Master Tenant subleases a portion of a Controlled Rental Unit and charges a Subtenant(s) more Rent than is appropriate based on a proportional share of occupied space, square footage, or other methods used in proportioning the Rents.
How Regulation 911.5 effectuates the Rent Ordinance:

A central purpose of the Richmond Rent Ordinance is to stabilize rents within an inflated rental housing market. All Tenants, including Subtenants, have a right to stable and lawful Rent levels.

Therefore, Master Tenants (acting as the “Landlord”) should not be allowed to “profit” on their Controlled Rental Unit by charging Subtenants more than the amount of Rent which is lawfully and actually paid to the Landlord.
Item H-2: Summary of Regulation 911.5

- Regulation 911.5 prohibits Master Tenants, who sublease an entire Controlled Rental Unit, from charging subtenants more Rent than the Master-Tenant actually and lawfully pays the Landlord.

- Regulation 911.5 prohibits Master Tenants, who sublease a portion of the Controlled Rental Unit, from charging subtenants more Rent than is appropriate based on a proportional share of occupied space, square footage, or other methods used in proportioning the Rents. Finally, Regulation 911.5 permits subtenants to file a petition to adjust the Rent or assert the occurrence of Rent Overcharge(s).
Item H-2: Recommended Action

ADOPT Regulation 911.5 (Determining the Lawful Rent in Master Tenant – Subtenant Occupancies), prohibiting Master Tenants from charging subtenants more Rent than that which is actually and lawfully due and payable to the Landlord of the Controlled Rental Unit, and permit subtenants to petition the Rent Board for an adjustment in Rent and/or exercise rights and obligations pursuant to Regulation 911 (Overcharges and Other Violations) – Rent Program (Nicolas Traylor 620-6564).
Item H-3: Proposed Clarifying Amendments to Property Enrollment and Tenancy Registration Requirements

September 19, 2018 | Regular Meeting of the Richmond Rent Board
Item H-3: Statement of the Issue

- On February 21, 2018, the Rent Board adopted Regulations 402, 405 and 406, establishing Enrollment and Tenancy Registration requirements.
- The Enrollment and Tenancy Registration requirements in these regulations do not sufficiently distinguish between requirements for units that are fully and partially covered by the Rent Ordinance.
- The language in the current regulations could cause confusion among Landlords about whether or not they are required to register tenancies with the Rent Program.
- The proposed amendments would address this issue and further clarify the distinction between property Enrollment and Tenancy Registration.
How will the proposed amendments support the Rent Program’s ongoing work?

1. Much of the Rent Program’s ability to conduct tailored outreach to partially and fully covered Rental Units rests on the accuracy of the database of Rental Units in Richmond.

2. Particularly in the context of a tiered Rental Housing Fee, a current database of fully covered, partially covered, and governmentally subsidized units is required to properly bill owners.
   - This distinction will be accomplished by Landlords completing an Enrollment form for each property with at least one Rental Unit.

3. Tenancy Registration will capture important information regarding the Base Rent and Maximum Allowable Rent, allowing the Rent Program to generate Rent Validation Reports and other notices specific to each Tenancy.
   - It is through this outreach that the Rent Program will achieve active enforcement of the Rent Ordinance.
Item H-3: Information Captured in Enrollment and Tenancy Registration forms

Landlords must provide the following information to ENROLL a rental property:

- Property ownership information
- Date of construction of the property
- Date of property title change
- Number of Rental Units on the property
- Business License number and expiration date
- Type of Rental Unit (e.g. unit in a multifamily property, single family home unit, Section 8 tenancy, newly constructed unit)
- Status of each dwelling unit on the property (e.g. currently rented, not available for rent, owner occupied)

Landlords must provide the following information to REGISTER a tenancy in a Controlled Rental Unit:

- Controlled Rental Unit address
- Starting date of current tenancy
- Description of circumstances of prior termination of tenancy for tenancies beginning after 12/30/16 (to determine whether or not the tenancy qualifies for a vacancy rent increase)
- The Base Rent and any Housing Services included in the Rent
- Number of Tenants in the Controlled Rental Unit
- Name of Tenants in the Controlled Rental Unit
## Item H-3: Proposed Applicability of Enrollment and Tenancy Registration

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<tr>
<th>General Description</th>
<th>Fully Covered (Rent Control &amp; Just Cause for Eviction)</th>
<th>Partially Covered (Just Cause for Eviction)</th>
<th>Fully Exempt (No Rent Control or Just Cause for Eviction)</th>
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<tbody>
<tr>
<td>Properties with more than one dwelling unit on one parcel built <strong>before</strong> February 1, 1995</td>
<td>- Governmentally-subsidized units &lt;br&gt; - Single family homes &lt;br&gt; - Condominiums &lt;br&gt; - New Construction &lt;br&gt; - Permitted Small Second Dwelling Units</td>
<td>- Tenancies where the Tenant and Landlord share kitchen and/or bathroom &lt;br&gt; - Permitted Small Second Dwelling Unit where owner occupies single-family home on parcel &lt;br&gt; - Non-profit Senior Housing</td>
<td></td>
</tr>
<tr>
<td><strong>Property Enrollment</strong> <em>(for each parcel)</em></td>
<td><strong>REQUIRED</strong></td>
<td><strong>REQUIRED</strong></td>
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<tr>
<td><strong>Tenancy Registration</strong> <em>(for each unit)</em></td>
<td><strong>REQUIRED</strong></td>
<td><strong>NOT REQUIRED</strong></td>
<td><strong>NOT REQUIRED</strong></td>
</tr>
</tbody>
</table>
ADOPT amendments to Regulation 402 (Required Rent Registration), Regulation 405 (Enrollment with the Richmond Rent Program) and Regulation 406 (Failure of a Landlord to Enroll or File) to clarify the following requirements:

1. All rental properties containing at least one Rental Unit, as defined in Section 11.100.030(m) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be enrolled with the Rent Program;

2. All tenancies in Controlled Rental Units, as defined in Section 11.100.030(d) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be registered with the Rent Program; and

3. Failure to enroll a rental property and/or register a tenancy in a Controlled Rental Unit may be asserted as an affirmative defense to an unlawful detainer (eviction) lawsuit.
Item H-4: Revision to Regulation 603 (A) – Filing of Rent Increase Notices With the Rent Board

September 19, 2018 | Regular Meeting of the Richmond Rent Board
Item H-4: Statement of the Issue

- Under the current Regulation 603 (A), Landlords are required to submit to the Rent Board, a copy of any rent increase notice served on the Tenant within 2 business days after having served a Tenant with a notice of a rent increase, with a proof of service, including time and date of service.

- Staff members are proposing increasing the time that Landlords have to file a notice of rent increase with the Rent Board from two to 10 business days to ensure all Landlords, particularly those of large complexes, have a reasonable amount of time to achieve compliance with this requirement.
The two-day requirement for the filing of rent increase notices currently in effect under Regulation 603 (A) is challenging for some Landlords, particularly those of large complexes or where the owner is a Senior or may have limited computer access or familiarity.
Since notices of rent increase typically do not take effect for 30 days, the current requirement to file the notice with the Rent Program within two days after service on the Tenant does not serve a significant purpose. Staff members are of the opinion that providing Landlords with additional time to submit rent increase notices would not defeat staff member’s efforts of ensuring that the rent increase notice complies with the Rent Ordinance.

MISSING THE TWO DAY DEADLINE CAN HAVE A SIGNIFICANT IMPACT

Since failure to timely submit a rent increase notice renders a landlord’s rent increase notice null and void, staff members find it reasonable to provide Landlords additional time to comply. Providing Landlords additional time to submit rent increase notices would not defeat the purpose of requiring Landlords to submit rent increase notices to the Rent Board. Staff are also concerned that the current two day deadline may lead to avoidable excessive rent claims (on technical grounds).
Item H-4: Recommended Action

ADOPT an amendment to Regulation 603(A), modifying the requirement that Landlords file notices of rent increase with the Rent Board within two business days after serving the Tenant to require that Landlords file notices of rent increase with the Rent Board within 10 business days after serving the Tenant – Rent Program (Nicolas Traylor 620-6564).
Item I-1: Tenant Buyout Agreement
Policy Research
September 19, 2018 | Regular Meeting of the Richmond Rent Board
Item I-1: Statement of the Issue

Section 11.100.050 of the Richmond Rent Ordinance prohibits Landlords from terminating a tenancy in a Rental Unit without one of eight specific “just causes” for eviction.

- “Tenant at Fault” Just Causes for Eviction include:
  - Failure to pay rent
  - Breach of lease (after written warning)
  - Nuisance (after written warning)
  - Failure to give access to the Rental Unit (after written warning)

- “No-Fault” Just Causes for Eviction include:
  - Owner Move-In*, **
  - Withdrawal from the Rental Market (Ellis Act)*, **
  - Temporarily Vacate in Order to Undertake Substantial Repairs*
  - Temporary Tenancy (only applies to single family homes and condominiums for up to 12 months; advance documentation is required)

*Relocation Payment required
**Additional restrictions apply
“Buyout,” or “Cash for Keys,” Agreements may be offered by a Landlord to a Tenant to encourage the Tenant to voluntarily vacate the Rental Unit in lieu of the Landlord terminating the tenancy under one of the permitted “just causes” for eviction provided in the Rent Ordinance.

To ensure Tenants are aware of their rights and obligations pertaining to Buyout Agreements, several cities in California have opted to regulate Buyout Agreements by establishing specific requirements as to the content and process of negotiating a Buyout Agreement.

Staff members have compiled case study research on these policies and are seeking direction from the Rent Board.
Why might the Rent Board support the regulation of “Buyout” or “Cash for Keys” Agreements?

- Unlike no-fault evictions, such as Owner Move-In, Withdrawal from the Rental Market, and the need to undertake substantial repairs to the Rental Unit, Buyout Agreements in Richmond are currently unregulated and unrestricted, allowing for circumvention of the Rent Ordinance.
  - This means a Landlord could offer a Tenant less money than would be required by the Relocation Ordinance in exchange for the Tenant vacating the Rental Unit, and the Tenant might accept, unaware of their rights under local law.
  - While a seemingly large sum of money may be enticing to a Tenant, even Buyout Agreements worth tens of thousands of dollars can be recouped by a Landlord retaining ownership and re-renting the unit at market rate, or selling the unit vacant.
  - Given the potential for profit, anecdotal evidence in other Bay Area cities suggests that Landlords may employ high-pressure tactics and intimidation to induce Tenants to sign the agreements, including threatening the Tenant with eviction if they do not accept the terms of the Buyout Agreement.
To understand the landscape of Buyout Agreement policies in other cities, staff members reviewed Buyout Agreement laws adopted by other jurisdictions that met the following criteria:

- The City is located in California;
- The City has existing rent regulation and just cause for eviction laws; and
- The City currently regulates Buyout Agreements.

Cities studied include:

- Berkeley
- Santa Monica
- Los Angeles
- Oakland
- San Francisco
- San José
The following elements of Buyout Agreement policies are shared among all jurisdictions studied:

1. A requirement that specific language be provided, in the form of a written disclosure statement, on a form produced by the City and provided to the Tenant prior to offering a Buyout Agreement
   - Required content of written disclosures include:
     - The Tenant’s right to reject the offer;
     - The right to consult an attorney or Rent Program prior to signing the agreement; and
     - The right to rescind the buyout agreement within a specific number of days after signing.
     - Some jurisdictions also require that the form include the amount of relocation payment that may be required in the case of a no-fault termination of tenancy.

2. A period of time (between 25 – 45 days, depending on the City) in which the Tenant may rescind the Buyout Agreement after signing, without penalty

3. A requirement to file the Buyout Agreement with the City within a specific time period (30 – 60 days, depending on the City) after the agreement has been signed by all parties

4. Remedies for noncompliance
The following elements of Buyout Agreement policies are unique among one or a select number of the jurisdictions studied:

- Los Angeles requires that Buyout Agreements be written in the primary language of the Tenant.
  - Similarly, Oakland requires that the owner provide a copy of the Buyout Agreement in Spanish or Chinese, if the Tenant is proficient in either language and is not proficient in English.
- Los Angeles and San Francisco’s policies provide that the Buyout Agreement may be rescinded by the Tenant at any time, if the Agreement does not meet the requirements of the law.
- San Francisco requires that Landlords complete and submit a form to the Rent Board with specific information (contact information, name of Tenant, and address of Rental Unit) prior to making a buyout offer.
- San Francisco also requires that Landlords retain a copy of the signed disclosure form for five years after it is received and signed by the Tenant.
The following elements of Buyout Agreement policies are unique among one or a select number of the jurisdiction studied:

- San Francisco and Oakland require that the Buyout Agreement contain specific statements regarding Tenants rights, with a line for the Tenant to initial each statement before signing.
- San Francisco requires that staff collect and analyze data concerning Buyout Agreements, create a searchable database of Buyout Agreements, and report annually to the Board of Supervisors on the status of implementation.
- Oakland requires that Buyout Agreements must be for greater than the amount of the relocation payments to which the Tenant may be entitled under local, state, or federal law.
Case Study Research: Degree of Administrative Duties Required by Buyout Agreement Law

DEGREE OF ADMINISTRATIVE DUTIES

HIGH

The San Francisco Rent Board retains a copy of all signed initial forms and all executed Buyout Agreements. The Board is also required to maintain a searchable database of all Buyout Agreements (with sensitive data redacted), and report annually to the Board of Supervisors on the implementation of the Ordinance.

MODERATE

The Berkeley and Santa Monica Rent Boards retain a copy of all executed Buyout Agreements, and information about the amount of Buyout Agreements and neighborhood of the affected Rental Unit is made publicly available.

LOW

The Oakland Rent Adjustment Program is required to retain copies of all executed Buyout Agreements and the City may make information publicly accessible.

The San José Housing Department is required to retain copies of all executed Buyout Agreements and the City may collect data from the Buyout Agreements, such as compensation.

The Los Angeles Housing and Community Investment Department retains a copy of all executed Buyout Agreements.
Staff members are seeking direction from the Rent Board with respect to the option to regulate Buyout Agreements.

If the Rent Board directs staff to prepare a Buyout Agreement policy, staff members anticipate a proposed policy could be presented to the Rent Board at the November or December Rent Board meetings.

Item I-1: Next Steps
Item I-1: Recommended Action

RECEIVE a case study matrix and presentation from Rent Program staff members concerning Tenant Buyout Agreement policies and PROVIDE direction to staff – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).