

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

STATEMENT OF THE ISSUE: Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties. The Affordable Housing Ad Hoc Committee has prepared the requested information and is seeking Rent Board adoption of its recommendations.

INDICATE APPROPRIATE BODY

- | | | | | |
|---|---|--|--|---|
| <input type="checkbox"/> City Council | <input type="checkbox"/> Redevelopment Agency | <input type="checkbox"/> Housing Authority | <input type="checkbox"/> Surplus Property Authority | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> | |

ITEM

- Presentation/Proclamation/Commendation (3-Minute Time Limit)
- Public Hearing Regulation Other:
- Contract/Agreement Rent Board As Whole
- Grant Application/Acceptance Claims Filed Against City of Richmond
- Resolution Video/PowerPoint Presentation (contact KCRT @ 620.6759)

RECOMMENDED ACTION: (1) ADOPT a resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee; (2) AMEND Regulation 204 to: (a) clarify those provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, Richmond Municipal Code, and California Civil Code, where, if violated, may result in a revocation of the exemption from Section 11.100.070 of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance as provided in Regulation 202; and (b) establish a process for revocation of such exemption – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

H-1.



AGENDA REPORT

DATE: February 20, 2019

TO: Chair Gray and Members of the Rent Board

FROM: Affordable Housing Ad Hoc Committee

SUBJECT: PROPOSED POLICY OPTIONS AND RECOMMENDATION REGARDING RENT INCREASES AND HABITABILITY CONCERNS IN LOW INCOME HOUSING TAX CREDIT (LIHTC) RENTAL PROPERTIES

STATEMENT OF THE ISSUE:

Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties. The Affordable Housing Ad Hoc Committee has prepared the requested information and is seeking Rent Board adoption of its recommendations.

RECOMMENDED ACTION:

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FISCAL IMPACT:

Staff members anticipate utilization of approximately 0.5 FTE of existing staff resources to administer the proposed amendments to Regulation 204, prepare an annual report concerning affordable housing units, act as the Affordable Housing Liaison, develop outreach materials, and establish materials and protocols for the mediation program tailored to residents of affordable housing.

DISCUSSION:

Background

At the November 14, 2018, Rent Board Special Meeting, the Affordable Housing Ad Hoc Committee presented its findings concerning two questions specific to Tenants in Rental Units financed through the Low Income Housing Tax Credit (LIHTC) program (Section 42 of the Internal Revenue Code):

(1) Are the rent restrictions required by the California Tax Credit Allocation Committee sufficient to address “rent shock,” particularly in potentially-anomalous years like 2018, when Area Median Income and TCAC maximum rents increased more than 10 percent?

The key purpose of the Rent Ordinance is to “promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Richmond...” The Rent Ordinance helps stabilize rents and provides eviction protections in a high-cost housing market. These provisions are aimed at protecting Tenants from displacement caused by “rent shock” or arbitrary evictions, allowing them to benefit from and contribute to Richmond’s improving economy. Although there is no universal definition for “rent shock”, the Rent Board’s standard for “rent shock” is reflected in two ways. First, under the Rent Ordinance, the Annual General Adjustment (AGA) for Controlled Rental Units is restricted to the 100 percent of the Consumer Price Index (3.6 percent for 2018). Second, pursuant to Regulation 602, in cases where a Landlord has not previously taken the allowed rent increases, they are restricted to 5 percent of these deferred or “banked” increases in addition to the AGA in any 12-month period.

While both Controlled Rental Units and LIHTC rental units are regulated by a governmental agency, their regulation processes are different. Unlike the Rent Board, TCAC does not regulate the percentage of rent increases; rather, it regulates the maximum rent an owner may charge, based on Area Median Income and household size. This regulatory scheme lacks limitations on the amount of an increase an owner may take at any one time to reach the TCAC Maximum Rent. Therefore, a Tenant in a LIHTC unit could still experience a large relative rent increase. At their May 2018 meeting, Rent Board members expressed concern that in years when the Area Median Income increases substantially, Tenants living in LIHTC units would not enjoy the same protections from “rent shock” as their counterparts in Controlled Rental Units.¹

(2) Are LIHTC Tenants in Richmond able to successfully assert their rights to safe and habitable living conditions?

The Rent Ordinance also provides Tenants with recourse if they experience a reduction in habitability, services or space. Tenants in Controlled Rental Units can use the Rent

¹ Around half of the city’s LIHTC units also receive tenant- or project-based Section 8 subsidies. Tenants in those units typically pay no more than 30 percent of their household income to rent and are therefore unlikely to experience “rent shock” in the same way as LIHTC Tenants without such subsidies.

Adjustment Petition process to compel Landlords to provide healthy housing that meets local and state habitability standards. Since the Rent Board exempted LIHTC units from the rent control provisions of the Rent Ordinance, these Tenants do not have that option. However, Tenants in LIHTC units are able to participate in Rent Program mediation and can lodge complaints with TCAC. Additionally, providers are all required to provide onsite management and are bound by state law and TCAC regulations to provide units that are safe and habitable. Affordable housing management is charged with responding to Tenant complaints in a timely manner and keeping units in good condition. In fact, LIHTC providers that are not providing safe and habitable housing or are overcharging Tenants can be subject to substantial financial penalties, including the recapture of tax credits in severe cases.

Rent Program staff regularly receives grievances from LIHTC Tenants regarding habitability, safety, and issues getting satisfactory responses from management. While LIHTC Tenants can be empowered to advocate for themselves by learning about their rights after consulting with Rent Program staff, both LIHTC Tenants and providers would benefit from the Rent Program's assistance through its mediation services. In phone calls and meetings, both affordable housing providers and Tenants have indicated their interest in mediation.

Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties.

Policy Options and Recommendations

The following tables present policy questions and proposed options for the Rent Board's consideration. The option recommended by the Affordable Housing Ad Hoc Committee is bolded.

Policy Question #1: To what extent should rent increases in LIHTC properties be limited?		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 2% per year	Tenants of LIHTC Units must meet income restrictions that qualify them as low or moderate income. As such, a 2% cap could provide greater housing stability to Tenants whose incomes are already low or moderate compared to other households in the Bay Area. LIHTC Tenants expressed that for those on fixed-incomes (e.g. Social Security assistance), a 2% cap on rent increases would more realistically reflect increases in income.	<p>May discourage affordable housing development in Richmond</p> <p>Providers would have very little incentive to agree to a 2% limitation, particularly LIHTC providers such as Heritage at Hilltop who are exempt from rent control via Costa Hawkins.</p> <p>Restricting increases to such a low amount may not allow LIHTC providers to keep up with operating expense increases and could result in a reduction of resident services and staffing. This is an important point as LIHTC providers would not be able to petition for an MNOI increase or historically low rent increase and could lead to legal challenges.</p>

Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 100% of the Consumer Price Index (CPI)	Could result in greater administrative ease when informing LIHTC Tenants of the annual rent increase limit, since that percentage would be the same for rent controlled Tenants (since the Annual General Adjustment is equal to 100% of the change in the Consumer Price Index).	<p>The CPI varies monthly, and is therefore unpredictable. Housing providers seek predictability for financing and budgeting purposes.</p> <p>Similar disincentive for properties already exempt from rent control via Costa Hawkins. Exempt LIHTC properties such as Heritage Park could opt out, and would still not be subject to the fee for fully covered rental units if the Board revoked the exemption for LIHTC units.</p>

Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)		
<p>Rent increases imposed on a LIHTC tenant shall not exceed 5% per year (Ad Hoc Committee Recommendation)</p>	<p>Both affordable housing providers and LIHTC Tenants indicated that a fixed rent cap is preferable to tracking an index, such as the CPI.</p> <p>Based on historical data, the average year-to-year increase allowed by TCAC between 2000 and 2018 was approximately 3.1%. In years where TCAC permits a rent increase far in excess of the historical average, a limit of 5%, would shelter Tenants from an unusually large rent increase, while allowing housing providers to approach TCAC maximum rent levels.</p> <p>The 5% rent cap is less than what a market rent Tenant would experience under the banking regulation, which currently is 5% + 3.6% for a total of 8.6%. LIHTC property owners, unlike owners of rent controlled units are unable to seek an upward adjustment in rent via the MNOI/historically low petition, further limiting potential rent increases.</p> <p>5% rent cap increase on a LIHTC unit is a magnitude lower than 5% increase on market because rents on LIHTC units are set already at a fraction of market rents (e.g. 5% on a \$1000 1 bed room unit translates to only \$50 while 5% on \$2000 is \$100).</p>	<p>Based on LIHTC Tenant feedback, a limit of 5% in years when TCAC limits are at or above 5% may cause financial burden, particularly for Tenants on fixed-incomes.</p>

Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 5% plus the Consumer Price Index (CPI).	This methodology utilizes existing Rent Board policy (Rent Board Regulation 602).	The Rent Board's banking regulation and the TCAC system are incompatible. Affordable housing providers expressed preference for a fixed amount to avoid confusion.
No further restrictions beyond those imposed by the Tax Credit Allocation Committee	May provide administrative ease and potentially lower staff costs associated with monitoring LIHTC rent cap restrictions.	Without any rent cap restrictions, Tenants in LIHTC units are exposed to a greater degree of housing instability due to significant increase in TCAC maximum rent limits.

Policy Question #2: How should the Board ensure Tenants are able to assert their rights to habitable living conditions in LIHTC rental units?		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Establishment of Mediation Program tailored to LIHTC Tenants (Ad Hoc Committee Recommendation)	Mediation is an expeditious method for resolving housing related issues. Both parties (Tenants and housing providers) have indicated a good faith willingness to utilize mediation as a means of resolving disputes.	Resolution of issues is not guaranteed. Increased staff time/resources
Designated Affordable Housing Liaison (Ad Hoc Committee Recommendation)	Liaison will: (1) act as the central point of communication for the agency regarding affordable housing issues; (2) be involved in all high level discussions between the agency and providers; (3) track complaints and resolution thereof; and (4) assist in the preparation of reports.	Increased staff time/resources

Policy Question #3: How often should Rent Program staff members be required to report to the Rent Board on grievances received from affordable developments?		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Staff shall prepare one comprehensive report per year (in conjunction with the Annual Report)	More efficient use of staff time, since staff members are already required to report annually to the City Council and Rent Board on the status of rental housing (including affordable housing)	Only allows for the Rent Board to receive a comprehensive report once per year
Staff shall prepare one standalone report per year, in addition to the Annual Report (Ad Hoc Committee Recommendation)	The Rent Board will receive a report from staff concerning affordable housing twice per year, one of which would be focused solely on affordable housing, allowing the Board more opportunities to discuss and comment on LIHTC developments.	Increased staff time/resources
Staff shall prepare two standalone reports per year, in addition to the Annual Report	The Rent Board will receive a comprehensive report from staff concerning affordable housing three times per year, two of which would be focused solely on affordable housing, allowing the Board more opportunities to discuss and comment on the status of affordable housing.	Increased staff time/resources

Policy Question #4: Which mechanism(s) of policy creation should the Board employ to best establish and enforce its interests?		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Resolution (Ad Hoc Committee Recommendation-Resolution contained in Attachment 1)	<p>Clearly restates the Board's findings that support its policy regarding housing stability in LIHTC properties. Adds guidance to comply with existing regulations.</p> <p>Unlike a contract, a resolution can be rescinded in the future if the Board saw problems arise or circumstances change.</p>	<p>A resolution is a policy statement, not a law or regulation.</p>
Amended Regulation (Ad Hoc Committee Recommendation-Amended Regulation contained in Attachment 2)	<p>Clarifies the procedures by which affordable housing providers can avail themselves to the benefits of exemption and succinctly describes under which circumstances the exemption can be revoked.</p> <p>Unlike a contract, a regulation can be amended in the future if the Board saw problems arise or circumstances change.</p>	<p>None.</p>

Policy Question #4: Which mechanism(s) of policy creation should the Board employ to best establish and enforce its interests? (CONTINUED)		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
<p>Memorandum of Understanding between Affordable Housing Providers and Rent Board</p> <p><i>Note: MOU has not been prepared. MOU would need to be prepared by Rent Program Staff in conjunction with LIHTC providers and presented to the Board for approval at a subsequent meeting.</i></p>	<p>Signed written agreement that memorializes the terms and policies articulated by the Rent Board, whereby each provider agrees to adhere to the terms therein via signature.</p>	<p>Time and resources associated with coordinating with each provider's attorneys to gain unanimous agreement with the terms of the drafted document.</p> <p>An MOU is not enforceable, but a statement of "good-will" to comply with the Rent Board's policies regarding housing stability in LIHTC properties.</p>
<p>Contract between Rent Board and Affordable Housing Providers</p>	<p>Signed written agreement that is enforceable in court.</p>	<p>Time and resources associated with coordinating with each provider's attorneys to gain unanimous agreement with the terms of the drafted document.</p> <p>A contract is difficult to measure damages to the Rent Board when there is a breach of contract, which increases the difficulty of enforcement.</p> <p>Costly to enforce in court and as a party to the contract itself, the Board increases its exposure to legal risks.</p> <p>There could be possibility of unintended consequences; a contract would lock the Board into a set agreement that may be difficult to change in the future if the Board saw problems arise or circumstances change.</p>

DOCUMENTS ATTACHED:

Attachment 1 – Resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee

Attachment 2 – Proposed Amended Regulation 204 (red-lined)

Attachment 3 – Proposed Amended Regulation 204 (clean)

Resolution No. 19-01

ESTABLISHING ADDITIONAL TERMS OF EXEMPTION FOR LOW-INCOME HOUSING TAX CREDIT PROVIDERS FROM THE RENT CONTROL PROVISIONS OF RICHMOND FAIR RENT, JUST CAUSE FOR EVICTION, AND HOMEOWNER PROTECTION ORDINANCE PURSUANT TO REGULATION 202.

WHEREAS, on November 8, 2016, the voters in the City of Richmond passed, by initiative, the “Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance”; and

WHEREAS, on November 15, 2017, the Richmond Rent Board adopted Regulation 202 and Regulation 204(formerly Regulation 17-01) exempting “governmentally subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance; and

WHEREAS, there are approximately 4,283 Rental Units in Richmond that receive Low-Income Housing Tax Credits (LIHTC) and/or direct subsidies from the Department of Housing and Urban Development (HUD), including the Housing Choice Voucher and Project-Based Section 8 programs. These units represent approximately 20 percent of Richmond’s rental housing stock and represent a critical aspect of housing affordability in the city; and

WHEREAS, of the 4,283 governmentally subsidized Rental Units in Richmond, 2,702 Rental Units receive LIHTC funding; and

WHEREAS, maximum rents in LIHTC Rental Units are determined annually by the California Tax Credit Allocation Committee (TCAC) based on Area Median Income for Oakland-Fremont, CA HUD Metro FMR Area, which contains Alameda and Contra Costa Counties; and

WHEREAS, the methodology employed by HUD to calculate Contra Costa County’s Area Median Income may not accurately reflect Area Median Income for Richmond Tenants. For purposes of this Resolution, Tenant shall have the same meaning as provided in Richmond Municipal Code Section 11.100.030(r); and

WHEREAS, in March 2018, Tenants at multiple LIHTC developments received rent increases in excess of ten (10) percent, the maximum rent permitted by TCAC for the year; and

WHEREAS, throughout the course of their work, Rent Program staff have also heard grievances from Tenants in LIHTC Rental Units regarding habitability, security, and other issues; and

WHEREAS, due to LIHTC’s exemption pursuant to Regulation 202, Tenants living in these units cannot use the Rent Program’s petition system to request rent adjustments and resolve grievances in this manner; and

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WHEREAS, Rent Program staff convened 13 of the city's affordable housing providers for a conference call on May 18, 2018, to discuss these concerns and potential solutions; and

WHEREAS, in early June 2018, six affordable housing providers, representing approximately 63 percent of the deed-restricted units in the City of Richmond, submitted letters to the Rent Program indicating their willingness to limit annual rent increases in LIHTC Rental Units; and

WHEREAS, on June 20, 2018, the Rent Board appointed two of its members to an ad hoc committee to develop an agreement with LIHTC providers in conjunction with Rent Program staff to limit rent increases in these units and address other concerns raised by Tenants; and

WHEREAS, in communication with Rent Program staff, affordable housing providers have indicated their preference to voluntarily cap annual rent increases at 6 percent (6%) and noted that TCAC maximum rents have historically increased by around 2 or 3 percent per year; and

WHEREAS, at an August 24, 2018 meeting with Tenants of affordable housing and Tenant representatives, many expressed concerns about large rent increases leading to displacement and homelessness, particularly for low-income seniors and others on fixed incomes; and

WHEREAS, at this same meeting, Tenants of affordable housing and Tenant representatives expressed a strong willingness to participate in a Rent Board-initiated mediation process to resolve habitability and other concerns with management; and

WHEREAS, while the Tenants and Tenant representatives in attendance expressed concerns that any rent increase would pose a financial hardship, they indicated they preferred a flat percentage cap of 2 percent (2%) on annual rent increases; and

WHEREAS, to date, affordable housing providers and Tenants of affordable housing and their representatives have not agreed on the appropriate percentage of annual rent increases; and

WHEREAS, on November 7, 2018, the Ad Hoc committee convened and determined it prudent to present the Rent Board with various policy options related to the continual exemption of LIHTC Rental Units pursuant to Regulation 202;

NOW, THEREFORE, BE IT RESOLVED, that the owner of a LIHTC Rental Unit may increase the rent up to the maximum allowed by TCAC at any time, so long as the increase does not exceed five (5) percent during any 12-month period;

BE IT FURTHER RESOLVED, while LIHTC properties' rents are not regulated by the Rent Board, Rent Program staff shall meet annually with LIHTC providers to gather information pertaining to compliance with Regulation 204, housing quality, and rents; the rent information shall be provided in an editable spreadsheet and include the current and proposed rent. This meeting shall occur no later than 60 calendar days from the day TCAC releases its permitted Maximum Rent Schedule; and

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BE IT FURTHER RESOLVED, the Rent Program shall issue an annual report to the Rent Board on the state of governmentally subsidized Rental Units in the City of Richmond, based on program data. This report shall include recommendations to the Board regarding compliance and housing quality, and may be compiled as a section of the Rent Program's Annual Report presented to the City Council; and

BE IT FURTHER RESOLVED, at the same meeting the Rent Board receives the Annual Report, the Rent Board shall consider the LIHTC complied Rent data and make findings of the overall compliance of LIHTC properties and whether continual exemption of these properties is achieving the purpose of the Rent Ordinance; and

BE IT FURTHER RESOLVED, in the event a majority of Rent Board members find substantial noncompliance among LIHTC Rental Unit(s) and/or continued exemption of these LIHTC Rental Unit(s) does not achieve the purpose of the Rent Ordinance, the Rent Board shall consider at its next regularly scheduled meeting whether to maintain the LIHTC Rental Unit exemption as described in Regulation 204; and

BE IT FURTHER RESOLVED, in the event that a majority of Rent Board members vote to remove the exemption of a LIHTC Rental Unit(s), Rent Board staff shall within 10 business days charge the non-exempt LIHTC Rental Unit(s) a Rental Housing Fee equivalent to the amount charged for fully covered units, or partially covered units where applicable, for the same fiscal year in which the exemption was removed, less any fees already paid, and apply the full provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, as permitted by State law.

BE IT FURTHER RESOLVED, that LIHTC providers who comply with the policies stated herein and Regulation 204, shall pay a Residential Rental Housing Fee as determined by an annual Rental Housing Fee Study approved by the Rent Board and adopted by the City Council, and maintain their exemption under Regulation 202; and

BE IT FURTHER RESOLVED, that the Tenants of governmentally subsidized Rental Units have the same rights as other Richmond Tenants to request counseling and mediation services from the Rent Program to resolve potential breaches of California Civil Code 1941.1 or other issues that implicate termination of a tenancy; and

BE IT FURTHER RESOLVED, that in no case shall a LIHTC provider be permitted to avail itself to the benefit of the provisions of this Resolution 19-01 and Regulation 202, unless that LIHTC provider has fully resolved any past and/or currently due Residential Rental Housing Fees and is otherwise in compliance with the Enrollment requirements pursuant to Regulation 405 and the requirements set forth in Regulation 204; and

BE IT FURTHER RESOLVED, that the Rent Program staff is authorized to develop rules and procedures to implement the counseling, enrollment, and mediation services associated with the purpose of this Resolution; and

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ATTACHMENT 1**

Dated:

Adopted by the Richmond Rent Stabilization Board of the City of Richmond by the following vote:

AYE:

NAY:

ABSTAIN:

ABSENT

DRAFT

ITEM H-1 ATTACHMENT 2

204. Maintaining an Exemption Pursuant to Regulation 202: Only Applies if Rental Unit is in Compliance with Applicable Laws and Regulations

A. ~~The exemption from~~ Notwithstanding Regulation 202, Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance rent control (RMC 11.100.070) as described in Section 202 and Section 203 of this Regulation only applies so long as the where the property owner has failed to substantially comply with all of the applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, Rent Board Orders, Regulations, and/or Resolutions, as well as the Implied Warranty of Habitability as described in Civil Code 1941.1, and Richmond Municipal Code Section 6.40.040. This includes, but is not limited to, a property owners obligation to comply with the following:

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(1) Timely payment of all owing Residential Rental Housing Fee. For purposes of this provision, a payment shall be considered timely where a property owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the invoice. Where there is a dispute in the amount owed, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the amended invoice. However, where the dispute is wholly concerned with assessed late fees, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 5 calendar days from the date the Rent Program sends the amended invoice or 30 calendar days from the date the Rent Program sent the initial invoice, whichever is later. If a dispute does not result in an amended invoice, payment shall be due within 30 calendar days from the date the Rent Program sent the initial invoice;

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(2) Payment of the Business License Tax pursuant to Richmond Municipal Code Section 11.100.060(1)(1);

(3) Enrollment of all applicable Rental Units pursuant to Regulation 405(B);

(4) All of the applicable provisions set forth in Resolution 19-01; and

(5) Any and all requirements set forth in any regulatory agreement executed between a developer and/or property owner and a Federal, State, or government entity.

B. Where Rent Program Staff members have determined a property owner has failed to comply with any of the obligations set forth in Regulation 204(A), Rent Program Staff members shall immediately notify the property owner in writing of the obligation(s) the property owner has failed to satisfy. The written notification must identify the specific obligation(s) the property owner has failed to satisfy and provide the property owner up to 60 calendar days from the date of mailing of the notification to bring itself into compliance with the identified obligation(s). If a property owner fails to timely comply with the obligation(s) identified in the Rent Program Staff member's written notification, Rent Program Staff members may agendize an item of noncompliance for the next regularly scheduled Rent Board meeting. The agenda item shall include an identification of the specific property that has failed to

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**ITEM H-1
ATTACHMENT 2**

comply, specific findings of noncompliance, a recommendation of the removal of the exemption contained in Regulation 202 as it relates to the noncompliant property, and any other information Rent Program staff member(s) deems relevant.

C. In addition to Regulation 204(A), Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where rental unit is in compliance with laws and regulations, and for which there is no longer in effect (a) a tenant with a Section 8 Housing Choice Voucher in the #Rental #Unit, (b) the #Rental #Unit is no longer in a Project-Based Section 8 Program, and/or (c) the #Rental #Unit is no longer rent restricted under a regulatory agreement and/or declaration of restrictive covenants.

~~“Applicable laws and regulations” here include the Rent Ordinance, owners’ regulatory agreements with federal, state, and local housing agencies, and code violations related to serious health and safety issues, as defined under RMC 6.40.040 and California Civil Code Section 1941.1. Nothing in this in Regulation 204(A) and/or Regulation 204(B) section shall preclude tenants residing in #Rental #Units described in Section 202 of this Regulation 202 from seeking advice or assistance from the Rent Program concerning applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and utilizing the remedies provided in the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance to the extent permitted by Federal, State, and #local law.~~

D.

ITEM H-1 ATTACHMENT 3

204. Maintaining an Exemption Pursuant to Regulation 202: Compliance with Applicable Laws and Regulations

- A. Notwithstanding Regulation 202, Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where the property owner has failed to substantially comply with all of the applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, Rent Board Orders, Regulations, and/or Resolutions, as well as the Implied Warranty of Habitability as described in Civil Code 1941.1, and Richmond Municipal Code Section 6.40.040. This includes, but is not limited to, a property owners obligation to comply with the following:
- (1) Timely payment of all owing Residential Rental Housing Fee. For purposes of this provision, a payment shall be considered timely where a property owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the invoice. Where there is a dispute in the amount owed, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the amended invoice. However, where the dispute is wholly concerned with assessed late fees, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 5 calendar days from the date the Rent Program sends the amended invoice or 30 calendar days from the date the Rent Program sent the initial invoice, whichever is later. If a dispute does not result in an amended invoice, payment shall be due within 30 calendar days from the date the Rent Program sent the initial invoice;
 - (2) Payment of the Business License Tax pursuant to Richmond Municipal Code Section 11.100.060(1)(1);
 - (3) Enrollment of all applicable Rental Units pursuant to Regulation 405(B);
 - (4) All of the applicable provisions set forth in Resolution 19-01; and
 - (5) Any and all requirements set forth in any regulatory agreement executed between a developer and/or property owner and a Federal, State, or government entity.
- B. Where Rent Program Staff members have determined a property owner has failed to comply with any of the obligations set forth in Regulation 204(A), Rent Program Staff members shall immediately notify the property owner in writing of the obligation(s) the property owner has failed to satisfy. The written notification must identify the specific obligation(s) the property owner has failed to satisfy and provide the property owner up to 60 calendar days from the date of mailing of the notification to bring itself into compliance with the identified obligation(s). If a property owner fails to timely comply with the obligation(s) identified in the Rent Program Staff member's written notification, Rent Program Staff members may agendaize an item of noncompliance for the next regularly scheduled Rent Board meeting. The agenda item shall include an identification of the specific property that has failed to comply, specific findings of noncompliance, a recommendation of the removal of the

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ATTACHMENT 3**

exemption contained in Regulation 202 as it relates to the noncompliant property, and any other information Rent Program staff member(s) deems relevant.

- C. In addition to Regulation 204(A), Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where there is no longer in effect (a) a tenant with a Section 8 Housing Choice Voucher in the Rental Unit, (b) the Rental Unit is no longer in a Project-Based Section 8 Program, and/or (c) the Rental Unit is no longer rent restricted under a regulatory agreement and/or declaration of restrictive covenants.
- D. Nothing in Regulation 204(A) and/or Regulation 204(B) shall preclude tenants residing in Rental Units described in Regulation 202 from seeking advice or assistance from the Rent Program concerning applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and utilizing the remedies provided in the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance to the extent permitted by Federal, State, and local law.

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