

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: December 18, 2019

Final Decision Date Deadline: December 18, 2019

**STATEMENT OF THE ISSUE:** On October 8, 2019, Gov. Gavin Newsom signed Assembly Bill 1482 (hereafter "AB 1482"), as a statewide response to address rent gouging. In addressing rent gouging, the Legislature established a statewide limitation on gross rental rate increases and eviction protections. AB 1482 will take effect on January 1, 2020. At the October, 16th Regular Meeting of the Rent Board, staff gave an oral report on AB 1482. Subsequently, the Board directed staff to come back with an informational handout that summarizes AB 1482 and how it intersects with the Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance (hereafter "Rent Ordinance"). Attached to this report is the informational handout created by Rent Program staff on AB 1482 and how the new law impacts the Rent Ordinance and Rent Program. The Board also directed staff to present the plan for conducting community outreach and education on AB 1482.

## 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

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

**RECOMMENDED ACTION:** RECEIVE informational handout on AB 1482 for Richmond and a report from the Executive Director on Rent Program plans to conduct outreach, education, and counseling related to the passage of AB 1482. (Nicolas Traylor, 620-6564)

AGENDA ITEM NO:

**G-2.**



# AGENDA REPORT

**DATE:** December 18, 2019

**TO:** Chair Maddock and Members of the Rent Board

**FROM:** Nicolas Traylor, Executive Director

**SUBJECT:** RENT PROGRAM OUTREACH ON AB 1482 (STATE-WIDE ANTI-GOUGHING AND EVICTION PROTECTIONS)

## **STATEMENT OF THE ISSUE:**

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At the October, 16<sup>th</sup> Regular Meeting of the Rent Board, staff gave an oral report on AB 1482. Subsequently, the Board directed staff to come back with an informational handout that summarizes AB 1482 and how it intersects with the Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance (hereafter "Rent Ordinance"). Attached to this report is the informational handout created by Rent Program staff on AB 1482 and how the new law impacts the Rent Ordinance and Rent Program. The Board also directed staff to present the plan for conducting community outreach and education on AB 1482.

## **RECOMMENDED ACTION:**

RECEIVE informational handout on AB 1482 for Richmond and a report from the Executive Director on Rent Program plans to conduct outreach, education, and counseling related to the passage of AB 1482. (Nicolas Traylor, 620-6564)

## **FISCAL IMPACT:**

While the production and copying of outreach materials on AB 1482 (such as the one attached to this report) and conducting workshops on AB 148 incurs staff and material costs, such costs will be absorbed using existing staffing levels and resources. The Community Workshop on "State-wide Anti-Gouging Protections and the Richmond Rent Ordinance" is replacing a general workshop on "Rights and Responsibilities under the

Richmond Rent Ordinance.” Therefore, the AB 1482 workshop is not anticipated to increase budgeted staff amounts for community outreach.

### **DISCUSSION:**

#### Background

To address rent gouging, on October 8, 2019, Governor Gavin Newsom signed Assembly Bill 1482, enacting statewide limitation on gross rental rate increases and eviction protection legislation in California, which will take effect on January 1, 2020. AB 1482 sets a rent limit on gross rental rate increases (5% plus the rate of local inflation or 10%, whichever is less); requires a Landlord to have Just Cause as defined by AB 1482 in order to terminate a tenancy and mandates relocation assistance for certain no-fault evictions (such as owner move-in evictions). AB 1482 does not apply to cities and counties that have had existing rent control laws prior to September 1, 2019.

At the October 16, Regular Meeting of the Rent Board, staff was directed by the Board to create an informational handout a regarding AB 1482 and how it impacts the Richmond Rent Ordinance. Additionally, the Board directed staff to report back on the Rent Program’s plan to conduct outreach and counseling for the public on AB 1482.

#### The Importance of Conducting Outreach and Education on AB 1482

The Richmond Rent Ordinance, Rent Board and Rent Program are a little more than 2 years old and great efforts have been made to inform the public about the Ordinance. As the public continues to learn more about their rights and responsibilities under the Rent Ordinance, the introduction of state-wide limitations on gross rental increases and eviction protections may lead to the incorrect assumption that AB 1482 would override Richmond’s rent control and eviction protection rules. Community outreach and education is central in correcting any mistaken view of the two separate laws and ensuring that Richmond Landlord and Tenants are aware that they can continue to assert their rights and responsibilities under Richmond’s Rent Ordinance.

AB 1482 would apply to Richmond Tenants and Landlords who live/own in properties that were legally constructed between February 1, 1995 and March 5, 2005. There are approximately 1,577 rental units in Richmond that were built during that time period. About half of the 1,577 rental units are affordable housing units and single family homes/condos that are owned by corporations. There are approximately 740 rental units (that are not affordable or subsidized units) which will be covered by AB 1482’s rent controls and Richmond’s Just Cause for eviction rules.

In preparation for counseling Tenants and Landlords who will be dually covered by AB 1482, and the Richmond Just Cause for eviction rules, Rent Program housing counselors will utilize the holistic counseling approach that is currently used when counseling members of the public on state laws that intersect with the Richmond Rent Ordinance.

Mandate to Provide Community Education

The Richmond Rent Ordinance section 11.100.060 (g) requires the Board (through its administrative arm: the Rent Program) to provide community education on the Rent Ordinance. To effectively understand their rights and responsibilities under the Rent Ordinance, Landlords and Tenants must also understand their rights as they pertain to state and federal law. For example, under the Rent Ordinance and associated regulations, security deposits are considered “Rent” and increasing the security deposit above the amount collected at the inception of the tenancy would be considered a rent overcharge. The mechanics of California Civil Code 1950.5, the state law on lawful collection and return of a security deposit, may impact how and if rent overcharges are calculated. Unlawful deductions of a security deposit, under Civil Code 1950.5, could be considered a rent overcharge under the Rent Ordinance and associated regulations. In the same vein, a counseling session dealing with AB 1482 could, for example, touch on a variety of issues that are interconnected, such as eviction protections that exist under the Rent Ordinance, eviction protections under AB 1482, limitations of gross rental rates that exist under AB 1482 and options for recourse under AB 1482 and or the Richmond Rent Ordinance.

Educating the Public on AB 1482 Through Holistic Counseling

Knowledge and information about one topic or sphere is very often interconnected with other areas of knowledge and information. This general maxim applies to the law as well. Laws invariably interact with and impact each other. This holds true for Richmond’s Rent Ordinance and how it interacts with other local, state and federal laws. With a myriad of local, state and federal laws that intersect and interact with the Rent Ordinance, Rent Program Services Analysts (housing counselors) must provide nuanced, customized information and explanations of how the Rent Ordinance works within the confines of local, state and federal law. Additionally, while Rent Program housing counselors and staff are prohibited from giving legal advice, the Rent Program provides referrals to legal aid for Landlords and Tenants who need legal advice on local, state or federal laws. Using this holistic counseling approach, the Rent Program intends to provide Richmond residents with general information about AB 1482 and how it interplays with the Richmond Rent Ordinance.

Proposed Timeline for Outreach

**Staff Training**

Prior to engaging in robust outreach and counseling on AB 1482, Rent Program staff must be trained on how the new law works and how it intersects with the Richmond Rent Ordinance. Staff trainings on AB 1482 will be conducted in the months of November and December 2019, in anticipation of the new law going into effect on January 1, 2020.

### **Outreach to the Public and Community Education on AB 1482**

To aid in the educating community members about AB 1482, Rent Program staff members have created an informational handout for Richmond Landlords and Tenants (Attachment 1). This handout will be published on the Rent Program website, be available to the public at the Rent Program office, at workshops and community events, on social media and provided to participants during counseling sessions. Posting on social media and informational videos may also be utilized to get the word out about how AB 1482 works in the context of Richmond's Rent Ordinance.

Additionally, the Rent Program's Public Information Unit will conduct a workshop specific to AB 1482 and how it interacts with the Richmond Rent Ordinance on Saturday, January 18, 2020 from 10am-12pm in the Richmond City Council Chambers. The presentation on AB 1482 will also be accessible on the Rent Program website at [www.richmondrent.org](http://www.richmondrent.org).

### **DOCUMENTS ATTACHED:**

Attachment 1 – Informational Handout on AB 1482 for Richmond Landlord and Tenants.

# Understanding the Statewide Anti-gouging and Eviction Protection Law (AB 1482) in Richmond

To address rent gouging, on Oct. 8, 2019, Gov. Gavin Newsom signed Assembly Bill 1482, enacting statewide limitations on rent increases in California, which will take effect on Jan. 1, 2020. Below is a summary of select key provisions. AB 1482 DOES NOT APPLY to Richmond’s Rent Ordinance. The provisions of Richmond Rent Ordinance remain in full effect.

**I HEARD CALIFORNIA NOW HAS STATE-WIDE RENT CONTROL AND EVICTION PROTECTIONS (AB 1482). IN A NUTSHELL, WHAT DOES IT DO?**

Under AB 1482, annual rent increases in cities that do not have existing rent control laws will be limited to 5% plus the percentage change in the cost of living (local inflation) not to exceed a total of 10%. For example, if the inflation rate is 3.5%, a landlord could raise rent by as much as 8.5%. If the inflation rate is 6%, a landlord could only raise rent by as much as 10%.

The cost-of-living (inflationary) increase will be tied to the Consumer Price Index (CPI) in each metropolitan area. AB 1482 requires that rents be rolled back to the amount paid by the Tenant on March 15, 2019. Whatever amount a tenant paid as of that date is the amount by which the increase will be based. Rent may not be increased more than twice over a 12-month period (total sum of such increases not to exceed the annual rent cap).

The law also prohibits evictions without Just Cause for Tenants that have lived in a unit for at least one year.

**DOES THE LAW OVERRIDE RICHMOND’S RENT ORDINANCE?**

AB 1482 DOES NOT OVERRIDE the Richmond Rent Ordinance and does not apply to Ordinances adopted prior to September 1, 2019, where the Ordinances restricts annual increase in the rental rate at an amount less than that provided under State law.

**WHICH PROPERTIES ARE COVERED BY AB 1482 ?**

Apartments and other multi-unit properties containing two units or more which are at least 15 years old. This is a rolling date; units built in 2006 will be covered in 2021, units built in 2007 will be covered in 2022, etc. Thus, for example, apartments constructed in the future would not fall under the rent cap until fifteen (15) years after they’re built. Also single-dwelling units (i.e some single family homes, condos, etc.) where the single dwelling unit is owned by a corporation, a real estate investment trust, or a limited liability company in which at least one member is a corporation

**WHAT TYPES OF PROPERTIES IN RICHMOND WOULD BE COVERED BY AB 1482 ?**

In Richmond, this means that multi-unit properties built between February 1, 1995 and March 5, 2005 as well as single family homes owned by corporations/LLCs would be covered by AB 1482.

**WHICH PROPERTIES ARE EXEMPT FROM AB 1482?**

Properties exempt from AB 1482 include:

- Single dwellings/units that can be sold separately from other units (i.e. some single family homes, condos, etc.), except when owned by a corporation, real estate investment trust, or limited liability corporation in which at least one member is a corporation.
- Duplexes are exempt when one of the units is occupied by the owner from the beginning of the tenancy seeking rent control protections.
- Buildings constructed within the past fifteen (15) years.
  - This is a rolling date; units built in 2006 will be covered in 2021, units built in 2007 will be covered in 2022, etc.
  - Thus, for example, apartments constructed in the future would not fall under the rent cap until fifteen (15) years after they’re built.

## AB 1482 REQUIRES THAT LANDLORDS HAVE JUST CAUSE TO EVICT.

AB 1482 prohibits evictions without Just Cause. For tenants that have lived in a unit for at least one year, AB 1482 prohibits evictions and non-renewals of leases without “just cause.”

## WHAT ARE THE JUST CAUSES UNDER AB 1482?

There are two types of “Just Cause”: (1) “At Fault Just Cause,” and (2) “No-Fault Just Cause.”

- “At Fault Just Cause” includes (1) failure to pay rent, (2) criminal activity/nuisance, (3) tenant’s refusal to extend a fixed-term lease for an additional term of similar duration with similar provisions, or (4) breach of a material term of the lease (Landlords must give the renter an opportunity to cure “curable lease violations”).
- “No Fault Just Cause” includes if the (5) owner/owner’s family intends to occupy the property, (6) withdrawing the property from the rental market pursuant the Ellis Act or (7) the intent to demolish or substantially remodel the property, or (8) compliance with a local ordinance or order issued by a governmental agency.

## DO THE STATE-WIDE JUST CAUSE RULES OVERRIDE RICHMOND’S JUST CAUSE FOR EVICTION RULES?

Richmond’s Just Cause for Eviction rules are UNAFFECTED by the State-wide Just Cause eviction rules. In other words, Richmond’s Just Cause for Eviction rules are NOT superseded or overridden by the state-wide Just Cause rules.

## DOES AB 1482 REQUIRE LANDLORDS TO PAY RELOCATION ASSISTANCE FOR NO-FAULT EVICTIONS?

Yes, landlords must pay tenants one month’s rent within 15 days of serving a no-fault eviction notice or if the owner intends on converting the rentals into condos. The landlord can either make a direct payment or waive in writing the payment of the final month of the tenancy, prior to the rent becoming due. Failure to pay relocation assistance renders the notice of termination void. Relocation rules do not apply to properties exempt from AB 1482.

## DOES VACANCY DECONTROL STILL APPLY UNDER AB 1482?

*Note: the Costa Hawkins rental housing act in pertinent part established vacancy decontrol or the ability to reset rents to market in between tenancies.*

Owners can continue to reset rents to market rate at vacancy, and then resume conforming to the annual cap of 5% plus inflation under AB 1482.

## HOW DO I FIND THE ACTUAL TEXT OF THE LAW?

AB 1482 can be accessed at the following link:

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB1482](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1482)

## HOW CAN THE RICHMOND RENT PROGRAM ASSIST LANDLORDS AND TENANTS COVERED BY AB 1482?

The Rent Program assists Landlords and Tenants who own or rent units that are covered in whole or in part by the Richmond Rent Ordinance. The Rent Program provides “holistic counseling” on the Richmond Rent Ordinance and associated state laws such as AB 1482 that intersect with the Richmond Rent Ordinance. Holistic counseling is defined as providing information, referrals and options for recourse on aspects of the law related to the Richmond Rent Ordinance, including federal, state and local law. Holistic counseling recognized the interconnected relationship between local, state and federal law. A counseling session that deals with AB 1482 could touch on the fact that while a Tenant may live in a rental unit that is exempt from the rent control provisions of the Richmond Rent Ordinance, they may still fall under the Richmond’s Just Cause provisions and may still be covered by the rent control portion of AB 1482.

For more information, contact the Rent Program at (510) 234-RENT [7368], email [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us) or visit the Rent Program website at [www.richmondrent.org](http://www.richmondrent.org)