



# LANDLORD IN RICHMOND 101

CITY OF RICHMOND RENT PROGRAM

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January 13, 2017

# Agenda

Overview/Timeline  
of Richmond Rent  
Ordinance

**THE BASE RENT,  
MAR and AGA**  
RENT INCREASE NOTICING  
REQUIREMENTS

Rent Program  
Administers  
Relocation  
Ordinance

Just Cause for  
Eviction and  
Eviction Noticing  
Requirements

Rent Adjustment  
Petitions

Overview of  
Important California  
Civil Codes

Exemptions From  
Rent Controls

When Rents Can Be  
Raised to Market

Summary of Rent  
Regulations  
Adopted to Date

# Key Terms

- Richmond Rent Board
- Just Cause for Eviction
- Permanent and Temporary Relocation Payment
- Costa-Hawkins Rental Housing Act
- Base Rent
- Consumer Price Index (CPI)
- Maximum Allowable Rent
- Annual General Adjustment (AGA)
- Vacancy Decontrol and Re-control
- Residential Rental Housing Fee and Late Fees

# Richmond Rent Board

The **Rent Board** is comprised of five members:

- Appointed by City Council
- Richmond residents
- No more than two members who own or manage rental property or are realtors

The **Rent Board** has the ability to:

- Hear appeals for Rent Adjustment Petitions
- Consider and adopt rent regulations
- Charge and collect fees
- Hire an Executive Director
- Establish the **Annual General Adjustment** (AGA)
- Provide direction on long-term program development

***Regular Rent Board meetings are on the third Wednesday of each month, beginning at 5:00 PM in the City Council Chambers***

# Overview of Richmond Rent Ordinance

Nov. 8 2016: Rent Ordinance/Measure L passed by voters of Richmond

Dec. 30<sup>th</sup>: Rent Ordinance goes into effect

January 3, 2017: Rent Program Office opens

Rent increases are limited to the Annual General Adjustment (100% of the CPI)

Base rents rolled back to the rent paid by tenant on July 21, 2015

“Just Cause” required to evict

Ordinance Provides for a Rent Adjustment/Fair Return Petition Process

# Timeline of Program Implementation

Jan. 3, 2017: Rent Program Office opens. City Managers office oversee initial implementation

March 21: All five members of Rent Board are seated

April 5: First Rent Board meeting held

May 24: Rent Board adopts budget

July 12 and 27: Tenant and Landlord-focused Community Workshops held

July 13: Executive Director hired. Rent Program staff now consists of ED and Analyst

July 24: City Council approves Rental Housing Fee

Sept. 20: Rent Board adopted amended FY 2017-18 operating budget

Early October: First two full time hires made: Board Clerk and Admin. Aide

Mid Oct.: Staff conduct mass-mailing to verify owner-occupancy exemptions

Nov. 2017: Staff send out invoices for the Rental Housing Fee

Nov. 2017: Staff hire two consultants to draft Fair Return and Rent Adjustment Rent Regulations

Dec. 4 & 9: Staff hosts Workshops on Fair Return/Rent Adjustment Standards

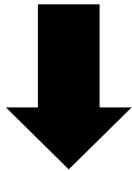
Mid Dec.: Rent Program Services Analysts hired

Office Hours Modified for Jan. and Feb. for comprehensive staff training and Program development

Today: First Landlord in Richmond 101 Workshop held

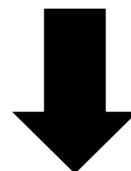
# Which properties are covered by the Richmond Rent Ordinance?

Fully covered: Rent Controls and Just Cause Eviction Protections



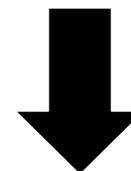
- ✓ Multi-Unit Properties built before Feb. 1 of 1995

Partially Exempt: Only Just Cause Eviction Protections (No rent controls)



- ✓ Subsidized Units/ Section 8 Tenancies
- ✓ Single family homes
- ✓ Condos
- ✓ "New Construction" or post Feb.1 of 1995 construction w/Permits and Certificate of Occupancy

Fully Exempt: No rent controls and no Just Cause Eviction Protections

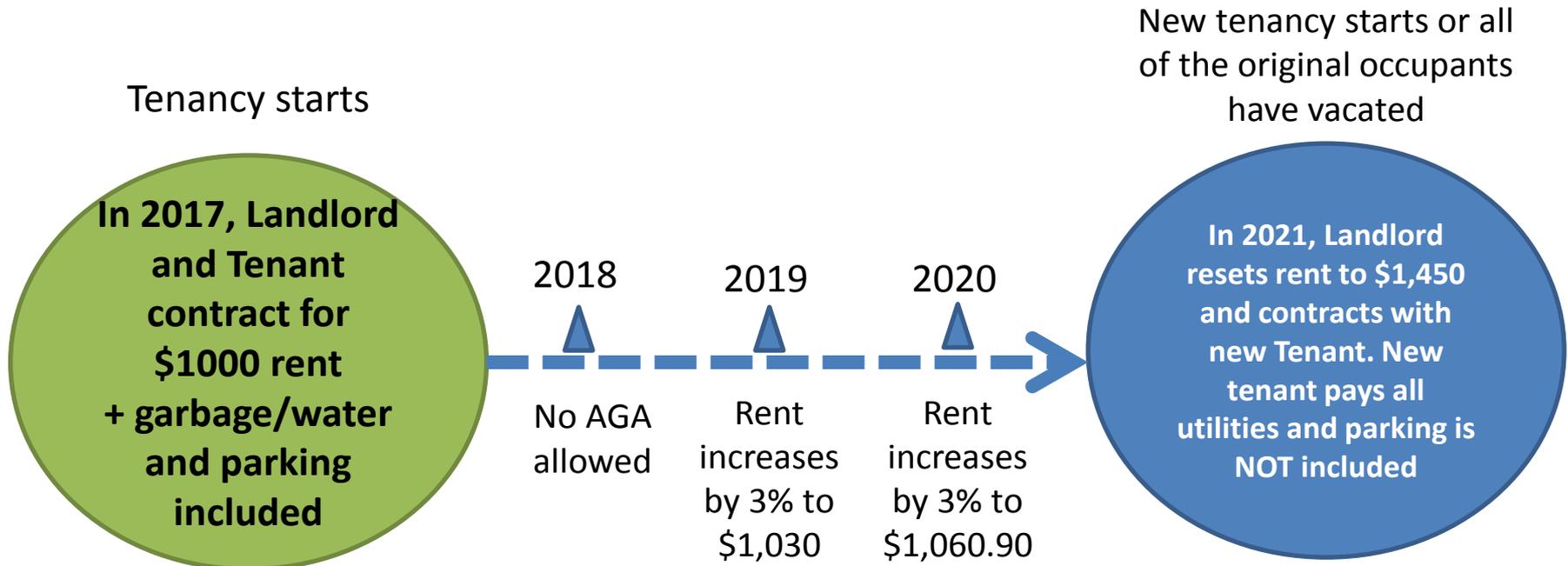


- ✓ Where Landlord and Tenant share kitchen and or bath
- ✓ Single family homes where a small second unit was added w/permits and the main house is owner-occupied.
- ✓ Senior Housing

# How does rent control work in California?

Currently, rent control cities in California operate under the **Costa Hawkins Rental Act**, also known as vacancy decontrol/re-control.

## What is vacancy decontrol and re-control?





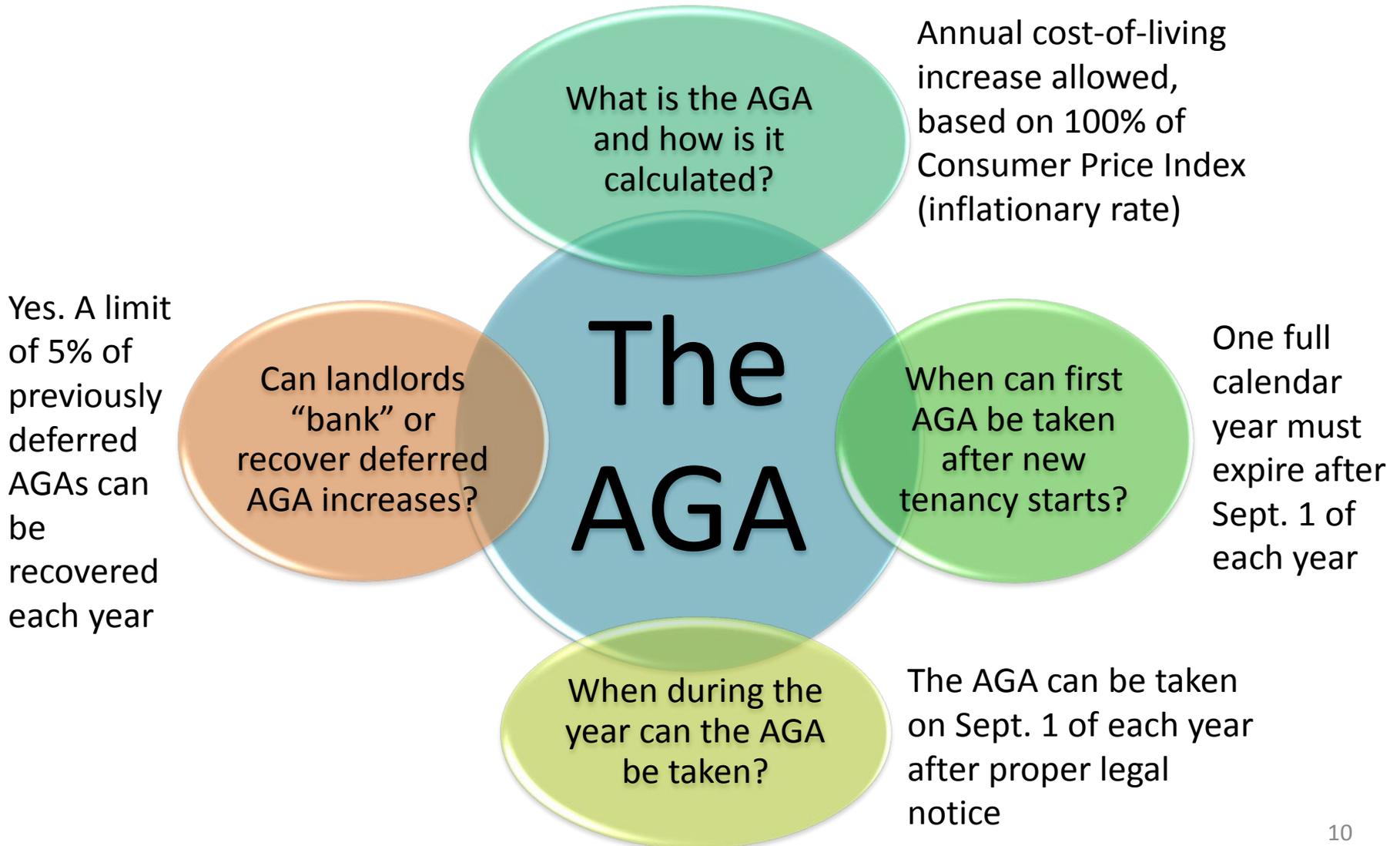
## THE CREATION OF A NEW “BASE” RENT DUE TO THE RENT ROLLBACK

- Under the Rent Ordinance, rents are required to be rolled back to:
- The rent in effect on July 21, 2015

**OR**

- The rent in effect on the first date that rent was charged after July 21, 2015  
*(Only applies to tenants in controlled rental units that moved after July 21, 2015)*

# The Annual General Adjustment (AGA)



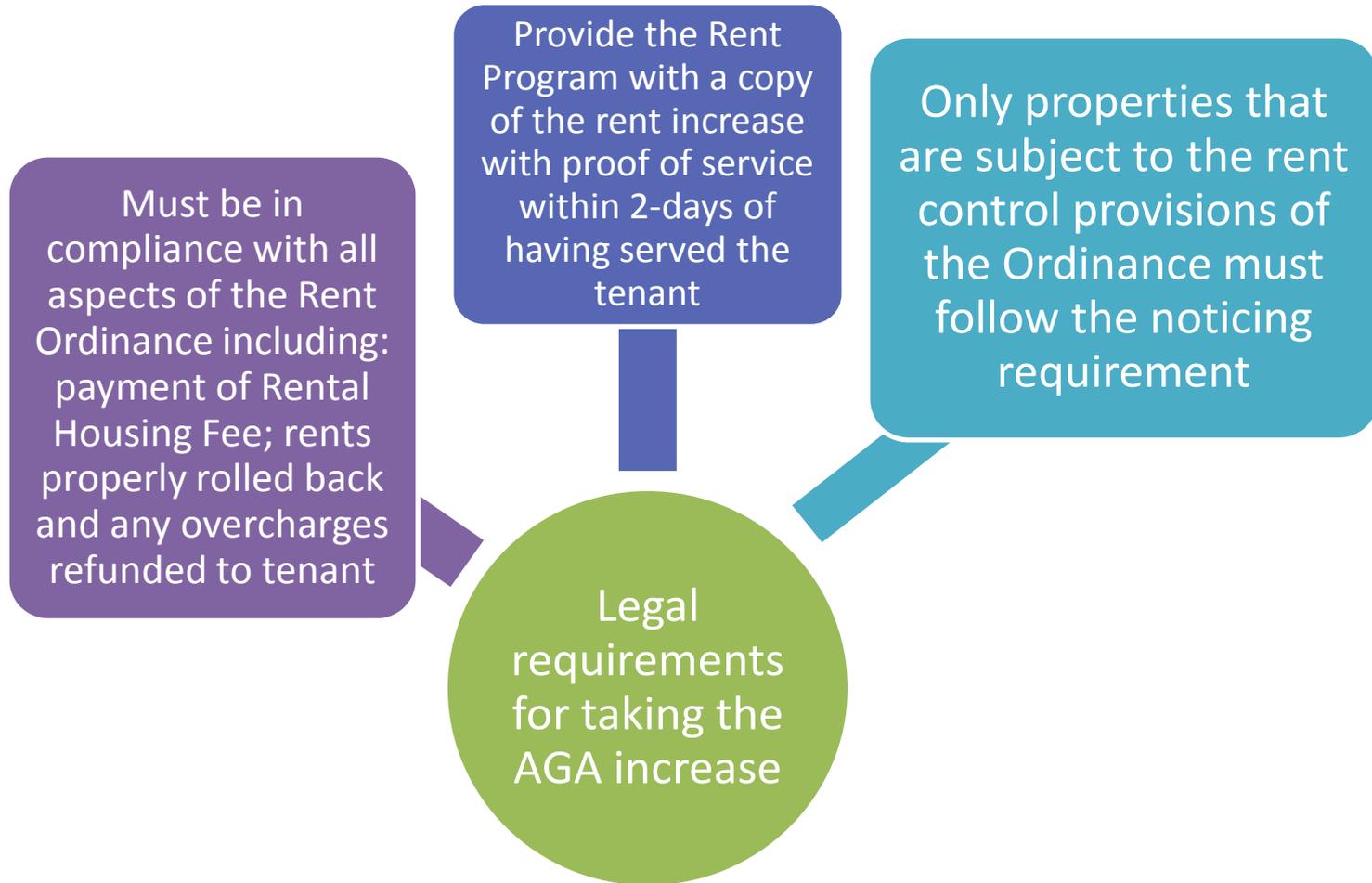
# The 2016 and 2017 Annual General Adjustment

2016 Annual General Adjustment: 3.0%

2017 Annual General Adjustment: 3.4%  
(effective September 1<sup>st</sup>, 2017).

Landlord must give proper notice per California Civil Code 827: A landlord may increase the rent up to the **Maximum Allowable Rent** with a 30-days notice for increases of less than 10% or 60-days for increases of more than 10%

# What are the requirements for taking an AGA rent increase?



# Maximum Allowable Rent (MAR)

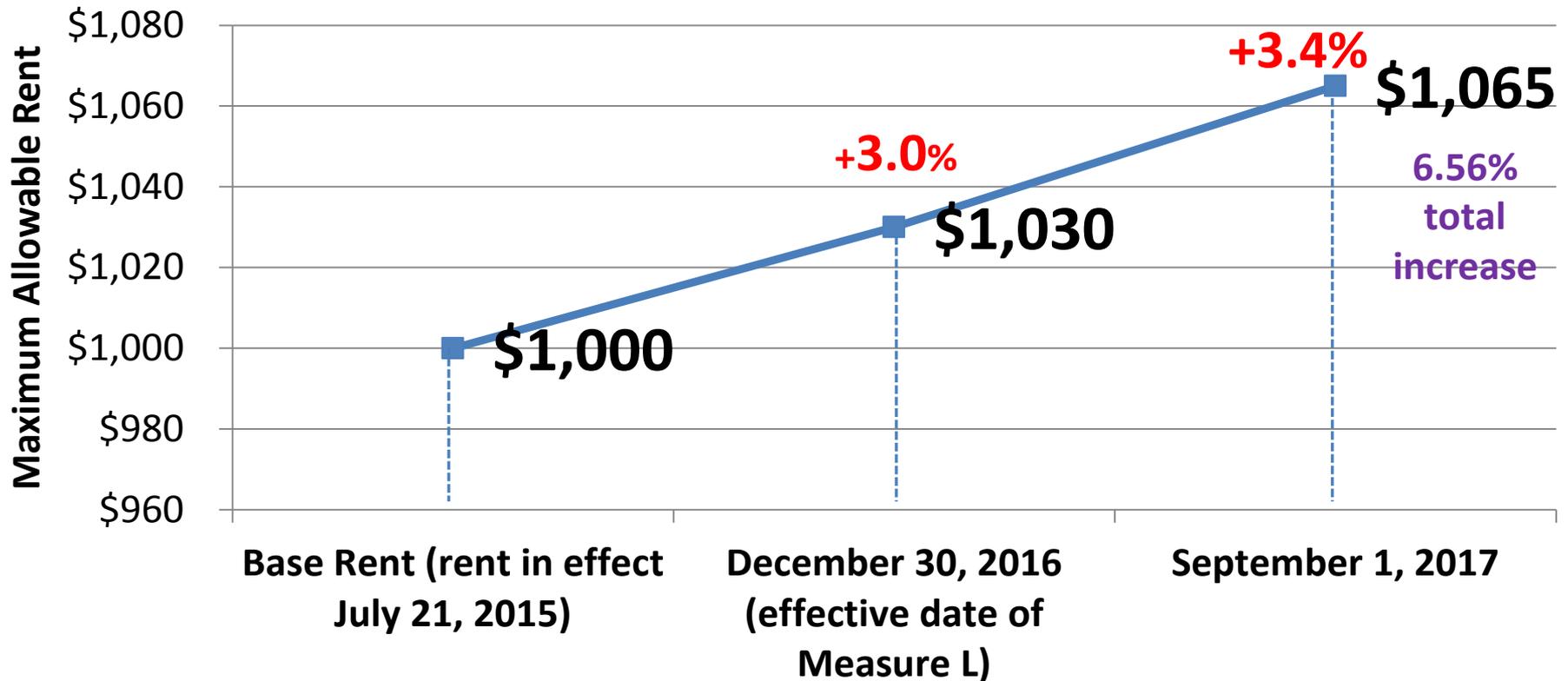
The maximum rent that can be charged for a **Controlled Rental Unit**

The agreed upon rent amount cannot exceed the **Maximum Allowable Rent**, but it could be less. The **Maximum Allowable Rent** remains the same.

Equals the **Base Rent + Annual General Adjustments (AGA) + Individual Rent Adjustments** (approved through the petition process)

# Maximum Allowable Rent

## Maximum Allowable Rent: Example Calculation



*Note: AGA rent increases are not automatic; rent increases may only take effect AFTER proper 30-day notice has been filed with the Rent Board at [www.richmondrent.org](http://www.richmondrent.org).*

# When can rents be raised to market?

1. When there is a voluntary vacancy and a new tenancy starts.
2. When all of the original occupants/ leaseholders vacate and only hold-over subtenants remain in the unit.
3. When the tenant no longer lives in the unit as his or her primary residence (i.e. the lease holding tenant is subletting or using unit as vacation home).

# Just Cause for Eviction

RMC 11.100.050

**Residential tenants can only be evicted for one of the following “Just Causes”(notice must state the reason):**

- Failure to Pay Rent
- Breach of Lease
- Nuisance
- Failure to Give Access
- Temporarily Vacate in Order to Undertake Substantial Repairs\*
- Owner Move-In\*
- Withdrawal from Rental Market\*
- Temporary Tenancy

\*Relocation Payment required – See Relocation Ordinance established by the City Council (RMC 11.102)

# Just Cause for Eviction: Noticing Rules

RMC 11.100.050

Landlord must submit a copy of any eviction notice served on a tenant within 2 days of having served the tenant. The Landlord must submit an online form on the Rent Program's website ([www.richmondrent.org](http://www.richmondrent.org)), and upload a copy of the notice with a proof of service. This noticing requirement does not apply to properties or units that are exempt from the Just Cause provision of the Rent Ordinance.

# Written Warning Notice

RMC 11.100.050(d)

**Must be served PRIOR to a notice of termination of tenancy if the Just Cause for Eviction is:**

- **Breach of Lease**
  - **Nuisance**
  - **Failure to Give Access**
- 
- Must be served within a “reasonable period” of no less than 5-days prior the serving a notice of termination of tenancy
  - Must state that failure to cure may result in eviction
  - Must inform Tenant of their right to request a reasonable accommodation
  - Shall include the contact number of the Rent Program
  - Shall include instructions for compliance
  - Shall include information necessary to determine the date, time, place, witnesses present and other circumstances.

# Temporary Relocation Payment

RMC 11.100.050

RMC 11.102.030

- **Must be provided to Tenants when they must temporarily vacate for the landlord to undertake substantial repairs**
- Notice of Entitlement to Relocation Payment must be provided with the notice of termination of tenancy
- Amount determined by a resolution of the City Council

Per Diem Description	Amount	Term (a)
Hotel or Motel	\$145	per day per household
Meal Expenses	\$29	per day per person
Laundry	\$1	per day per household
Pet Accommodations	Cat - \$28 Dog - \$51	per day per animal

(a) Applicable amounts shall be paid on a weekly basis, calculated on a daily basis, at a minimum. Alternatively, the Landlord may provide comparable housing located in Richmond. In such case, the Landlord shall provide per diem payments until the Tenant and their possessions have been moved into the comparable Rental Unit.

# Permanent Relocation Payment

RMC 11.100.050

RMC 11.102.030

- **Must be provided to Tenants for Owner Move-In OR Withdrawal from the Rental Market**
- Notice of Entitlement to Relocation Payment must be provided with the notice of termination of tenancy
- Amount determined by a resolution of the City Council (*see next slide*)

# Permanent Relocation Payment

RMC 11.100.050

RMC 11.102.030

## Owner Move-In (R.M.C. 11.100.050(a)(6))

Maximum Cap per Unit Type (a) (b)	Base Amount	Qualified Tenant Household Amount (c)
Studio	\$3,400	\$3,950
1 Bedroom	\$5,250	\$6,050
2+ Bedroom	\$7,150	\$8,200

## Withdrawal from Rental Market (R.M.C. 11.100.050(a)(7))

Maximum Cap per Unit Type (a) (b)	Base Amount	Qualified Tenant Household Amount (c)
Studio	\$6,850	\$7,850
1 Bedroom	\$10,500	\$12,100
2+ Bedroom	\$14,250	\$16,400

(a) If a Rental Unit is occupied by one Tenant then the entire per unit Relocation Payment shall be paid to the Tenant. If more than one Tenant occupies the Rental Unit, the total amount of the Relocation Payments shall be paid on a pro-rata share to each Eligible Tenant.

(b) The Relocation Payments will be calculated on a per Rental Unit basis, distributed on a per Tenant basis, and includes a maximum cap per Rental Unit.

(c) A "Qualified Tenant Household" is any household that includes at least one Tenant that is a Senior Citizen, Disabled, or has at least one minor dependent child as defined in R.M.C. 11.102.020(a) and (l). Sources: City of Santa Monica, 2016; American Community Survey, 2011-2015 (Table B25064).

# Residential Rental Housing Fee (and Late Fees)

- The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance allows for the City Council to adopt a Residential Rental Housing Fee, following a recommendation from the Rent Board. The City Council has approved the following fees and late fee penalties:

FY 2016-17 Recommended Fee: **\$47** per Rental Unit

FY 2017-18 Recommended Fee: **\$98** per Rental Unit

Current Business License Tax Late Payment Penalty		Application to Residential Rental Housing Fee		
Days Delinquent (after payment due date)	Penalty (expressed as a percent of Fee)	Corresponding Penalty: FY 16-17 Fee	Corresponding Penalty: FY 17-18 Fee	Total Penalty (FY 16-17 & FY 17-18 Fees)
1-30	10%	\$4.70	\$9.80	\$14.50
31-60	25%	\$11.75	\$24.50	\$36.25
>60	50%	\$23.50	\$49.00	\$72.50

# Important California Civil Codes

Security Deposit Law:  
Civil Code 1950.5

Proper Notice for  
Terminating Tenancies:  
Civil Code 1946 and  
1946.1

Landlord Entry Law:  
Civil Code 1954

Lease Breaking Law:  
Civil Code 1951.2

Rent Increase Notice  
Law:  
Civil Code 827

Implied Warranty of  
Habitability: Civil Code  
1941.1 and 1941.2

# Implied Warranty of Habitability

## Civil Code 1941.1

Landlords must provide a property that is in "habitable" condition and fit to live in. Landlords must repair problems that make the property uninhabitable – except for problems caused by the tenant or the tenant's guests, children or pets. In order for the property to be habitable, it must have all of the following:

- ✓ Effective waterproofing/weather protection of roof and exterior walls, including unbroken windows and doors.
- ✓ Plumbing facilities in good working order, including hot and cold running water, connected to a sewage disposal system.
- ✓ Gas facilities in good working order.
- ✓ Heating facilities in good working order.
- ✓ An electrical system, including lighting, wiring and equipment, in good working order.
- ✓ Clean and sanitary buildings, grounds and appurtenances (for example, a garden or a detached garage) which are free from debris, filth, rubbish, garbage, rodents and vermin.
- ✓ Adequate trash receptacles in good repair.
- ✓ Floors, stairways and railings in good repair.
- ✓ A working toilet, wash basin, and bathtub or shower. The toilet and bathtub/shower must be in a room that is ventilated, and that allows for privacy.
- ✓ A kitchen with a sink, which cannot be made of an absorbent material (for example, wood).
- ✓ Natural lighting in every room through windows or skylights. Unless there is a ventilation fan, the windows must be able to open at least halfway.
- ✓ Safe fire or emergency exits leading to a street or hallway. Stairs, hallways and exits must be kept litter free. Storage areas, garages, and basements must be kept free of combustible materials.
- ✓ Operable deadbolt locks on the main entry doors of rental units, and operable locking or security devices on windows.
- ✓ Working smoke detectors in all units of multi-unit buildings, such as duplexes and apartment complexes. Apartment complexes also must have smoke detectors in common stairwells.

# Tenant's Responsibilities

## Civil Code 1941.2

A tenant must take reasonable care of the rented property and common areas, such as hallways. This means that the tenant must keep those areas in good condition. A tenant must also repair all damage that he or she causes, or that is caused by the tenants' guests, children or pets. California Civil Code section 1941.2 requires the tenant to do all of the following:

- ✓ Keep the premises "as clean and sanitary as the condition of the premises permits."
- ✓ Use and operate gas, electrical and plumbing fixtures properly. (Examples of improper use include overloading electrical outlets, flushing large foreign objects down the toilet, and allowing any gas, electrical, or plumbing fixture to become filthy.)
- ✓ Dispose of trash and garbage in a clean and sanitary manner.
- ✓ Not destroy, damage, or deface the premises, or allow anyone else to do so.
- ✓ Not remove any part of the structure, dwelling unit, facilities, equipment or appurtenances, or allow anyone else to do so.
- ✓ Use the premises as a place to live, and use the rooms for their proper purposes. For example, the bedroom must be used as a bedroom and not as a kitchen.
- ✓ Notify the landlord when deadbolt locks and window locks or security devices do not operate properly.

# Security Deposit Law

## Civil Code 1950.5

Definition of Security Deposit

Any payment, fee, deposit or charge, imposed at the beginning of the tenancy as an advance payment of rent, or to be used for recovering rent defaults, repairing damages caused by the tenant, or cleaning. This does not include an application or screening fee. The first month's rent isn't considered a security deposit, but money paid in excess of the first month's rent (including what is called "last month's rent") is considered part of the deposit.

How much can a landlord collect for a security deposit?

A security deposit may not exceed two times the monthly rent for an unfurnished unit or three times the monthly rent for a furnished unit.

What can a landlord deduct from the security deposit?

A landlord may deduct from a tenant's security deposit only the amount that is reasonably necessary to: (1) cover rent defaults, (2) repair damages a tenant or a tenant's guest caused other than normal wear and tear, (3) do necessary cleaning defined as the amount of cleaning needed to return the unit to the same level of cleanliness as at the beginning of the tenancy, and (4) if allowed by the lease, cover the cost of restoring or replacing personal property (including keys) or furniture, excluding ordinary wear and tear.

Landlords are obligated to offer a walk-through inspection at the end of tenancy

Tenant's have a right to a walk-through inspection no earlier than 2-weeks prior to the tenant vacating. The landlord must give 48 hours prior written notice of the inspection, unless the tenant waives this requirement in writing. The purpose of the inspection is to identify needed cleaning for the tenant to perform before moving out so as to avoid deductions from the security deposit. Immediately after the inspection, the landlord must provide an itemized list of repairs and cleaning that need to be done to avoid authorized deductions. The landlord may still deducted for cleaning or repairs that were not identified during the inspection because they were concealed by the tenant's belongings.

# Security Deposit Law

## Civil Code 1950.5

When does the security deposit have to be returned to the tenant(s)?

Within 21 days after the tenant (or tenants) leave the unit vacant, the landlord must (1) furnish the tenant with a written statement itemizing the amount of, and purpose for, any deductions from the security deposit; and (2) return any remaining portion of the deposit to the tenant. Where several roommates live together and have paid a deposit, the landlord is not required to return the deposit until the unit is returned to the landlord vacant.

Requirement to provide itemized statement of landlord's charges, along with receipts

If more than \$125 is deducted from the deposit for cleaning and repairs together, the landlord must attach to the itemized statement copies of documents showing the landlord's charges and costs to clean and repair the unit.

Effect of sale on deposit

A landlord who sells a rental property must either: 1) transfer the deposit to the new landlord; or 2) return the deposit to the tenant.

Tenant's recourse if deposit is not returned within 21 days of vacating

A tenant who does not receive the refund and accounting within 21 days, or disputes the amount claimed by the landlord, may sue the landlord for the disputed amount (in Small Claims Court if the amount is less than \$10,000) and up to twice the amount of the deposit for the "bad faith retention" of (i.e., the unreasonable refusal to return) any security. In court, the landlord has to prove that the amounts retained were reasonable.

# Lawful Landlord Entry

## Civil Code 1954

- Landlord may only enter for necessary or agreed upon repairs, cleaning to bring the unit back to the same level of cleanliness that existed when the tenant moved in, or to replace any landlord property (stove, refrigerator, etc.)
- Landlord must give the tenant written notice to enter, at least 24 hours prior to entry
- Landlord does not need to provide written or verbal notice to enter in cases of emergency (such as fire, flooding, etc.)
- The tenant cannot demand that they be there when the landlord enters
- Entry must be during “normal business hours”
- Landlord must state the time and date, as well as the purpose of the entry in the written notice
- In Richmond, it is “Just Cause” to evict a tenant who denies a landlord lawful entry, after the tenant has been warned to cease denying lawful access and continues to do so.

# Property Notice When Terminating Tenancies **Civil Code 1946**

- Landlord must give at least 30 days written notice to terminate a tenancy if the tenancy is less than one year. Under this same Code, a tenant must give a 30-days notice to vacate (terminate their tenancy) and can give notice on any day of the month, once the lease has converted to a month to month lease. A Landlord can require more than 30-days notice if the tenant is on a fixed-term lease when they are giving notice to vacate.
- Under Civil Code 1946.1, a Landlord must give at least 60-days written notice to terminate a tenancy, if the tenancy has lasted a year or more.
- In Cities that require just cause to evict, a landlord can only give a 30 or 60 day notice of termination of tenancy for no-fault “just cause” evictions, such as owner-move in evictions.

# Giving Proper Notice to Increase Rent

## Civil Code 827

- Any increase of 10% or less requires a 30-day written notice of rent increase
- Any increase of more than 10% requires a 60-days written notice of rent increase

# Lease Breaking Law

## Civil Code 1951.2

If a tenant breaks a lease they are liable for unpaid rent remaining on the lease, but only if:

- The landlord attempts to mitigate unpaid rent damages by making a reasonable effort to re-rent the unit
- In other words, if a tenant breaks a lease, the landlord cannot make the tenant pay for the remaining unpaid rent unless the landlord can show that they made a reasonable effort to re-rent and were still unable to find a replacement/new tenant

# Summary Rent Regulations Adopted (as of January 2018)

## Partial Exemption of Subsidized Units/ Tenancies Regulation 17-01

- Rental units in which governmentally subsidized Tenants reside are exempt from the rent control provisions of the Ordinance. However, such units are subject to the just cause provisions of Section 11.100.050 of the Ordinance.

## Petition for a Rent Adjustment/ Excessive Rent Complaint Regulation 17-02

- Petition: Hearing is scheduled within 15 business days of the Rent Board's receipt of petition. Hearing is conducted 45 days thereafter. Written decision is issued within 30 days of close of hearing. An appeal can be filed within 20 business days of the decision. The Board shall meet to consider the appeal and issue a decision.
- Complaint: Hearing is scheduled within 15 business days of Rent Board's receipt of complaint and is conducted within 30 days thereafter. The written decision is issued within 21 days of the close of hearing. An appeal can be filed within 15 days from the date the Board sends the notice of decision. Board takes final action within 120 days.

# Summary Rent Regulations Adopted (as of January 2018)

## Full Exemption of Certain Rental Units Regulation 17-03

- Landlords of fully exempt units (i.e hotels, motels, etc.) are not required to file a notice with the Rent Board for rent increases, changes in terms of tenancies, tenancy termination notices, or copies of proof of service of such notices on a tenant who resides in a unit identified in Section 11.100.70 of the Ordinance.

## Filing Notices of Rent Increase and Termination of Tenancy with the Board Regulation 17-04

- Landlords must enroll with the Rent Board prior to serving tenants with a notice of rent increase, change in terms of tenancy, or termination of tenancy.
- Landlord shall file the notice of rent increase, change in terms of tenancy, or termination of tenancy with the Rent Board within 2 business days of serving the tenant.
- Failure of Landlord to enroll and/or file the notice of increase, change in terms of tenancy, or termination of tenancy with the Rent Board, is a defense to an unlawful detainer action.
- Exempt Rental Units: Landlords are not required to file a notice of rent increase.

# Summary Rent Regulations Adopted (as of January 2018)

Establishing the  
2017 (and 2016)  
AGA rent increase  
percentage  
Regulation 17-05

- No later than June 30<sup>th</sup> of each year the Board shall announce the percentage allowed for rental increase to be effective September 1<sup>st</sup> of that year.
- The Annual General Adjustment shall equal 100% of the price increase in the Consumer Price Index.
- Tenancies in effect prior to September 1<sup>st</sup>, 2015 Maximum Allowable Rent increase is 3.0% for 2016 and 3.4% for 2017 (or 6.56% using compounded interest).

Rules for  
Withdrawing From  
the Rental Market  
Regulation 17-07

- No less than 120 days which the unit is to be withdrawn the owner must provide a written notice to each tenant on the intention of the owner to remove the property. For qualified tenants (seniors, disabled, and tenants with small children) a year notice is required.
- The notice must include: 1) the accommodation is being withdrawn, 2) the date when the unit will be withdrawn, 3) the owner has paid all fees to the City or the board, and 4) a statement that all tenants are entitled to a Relocation Payment and the amount required.
- The notice of withdrawing from the rental must be filed with the board within 2 days of notifying the tenant.

# Summary Rent Regulations Adopted (as of January 2018)

## Written Warning for Nuisance, Breach of Lease and Criminal Activity Regulation 17-08

- For warning of nuisance and breach of lease the landlord must provide the tenant a written warning notice to cease violations and give the tenant a reasonable time of no less than 5 days to correct the violation.
- If the tenant does not correct the violation within the given time or violates a similar provision within 12 months no additional warning is required before a landlord can serve a 3 day notice to perform or quit.
- Upon serving the notice to perform or quit, the landlord must file a copy of the notice within 2 days to the board.
- For criminal activity, if law enforcement has advised the landlord there is probable cause that the tenant has engaged in criminal activity, no additional warning is required before the landlord can serve a 3-day notice to quit. The landlord must file a copy of the notice within two days to the board.

## Banking of previously deferred AGA increases Regulation 17-09

- Provides Landlords the right to raise Rent up to the Maximum Allowable Rent (banking) if a landlord didn't increase rent in a particular year, but includes limitations to protect tenants.
- These limitations are that the rent shall not increase in any one twelve-month period by the percentage in the Annual General Adjustment Rent Increase plus five percent (5.0%).
- "Banking" of Annual General Adjustment Increases shall be calculated based on simple addition, without compounding. For example, an increase of three percent (3.0%) plus three point four percent (3.4%) is equal to a combined increase of six point four percent (6.4%), not six point five six percent (6.56%) as was the case for the 2016 and 2017 AGA increases.

# Proposed Regulations

## Rent Increase and Decrease Regulations

- Rent decrease due to decrease in space, service, habitability, number of occupants allowed
- Rent increase due to increase in space, services, amenities and number of occupants allowed

## Fair Return Regulations

- Rent increase due to capital improvements
- Rent increase due to increase in net operating maintenance
- Rent increase due to historically low rent

## Petition/Hearings Process Regulations

- Rules for filing, scheduling and conducting hearings and appeals

## Eviction Related Regulations

- Clarification of Owner Move-In Eviction rules and other eviction rules