



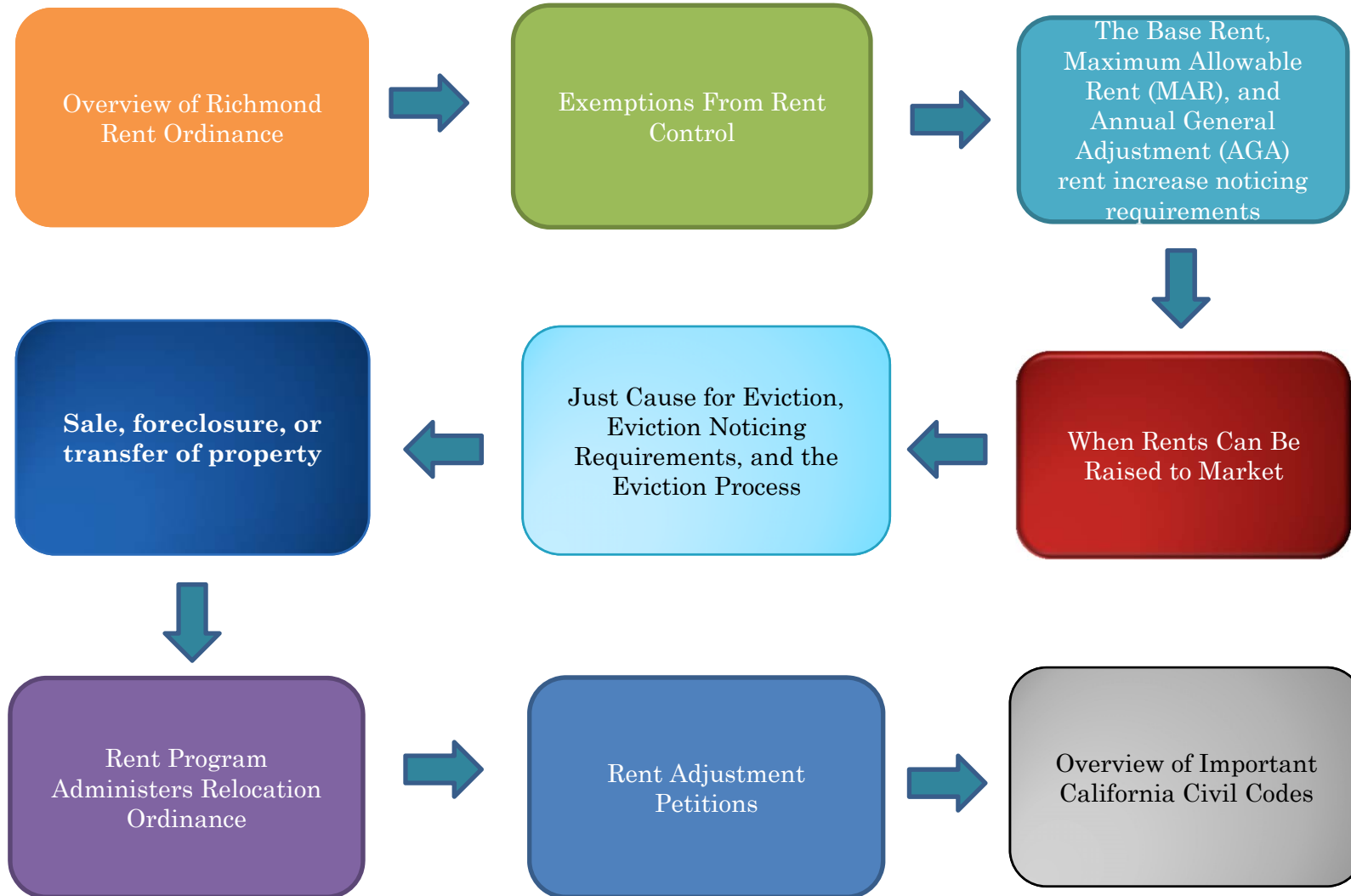
REALTOR AND PROPERTY MANAGER – FOCUSED WORKSHOP

CITY OF RICHMOND RENT PROGRAM

Magaly Chavez, Rent Program Services Analyst

September 11th, 2018

TOPICS COVERED



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 (MAR)**
- **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 can own or manage rental property or be 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 THE RICHMOND RENT ORDINANCE

November 8, 2016: Rent Ordinance/Measure L passed by voters of Richmond

December 30, 2016: Rent Ordinance goes into effect

January 3, 2017: Rent Program Office opens

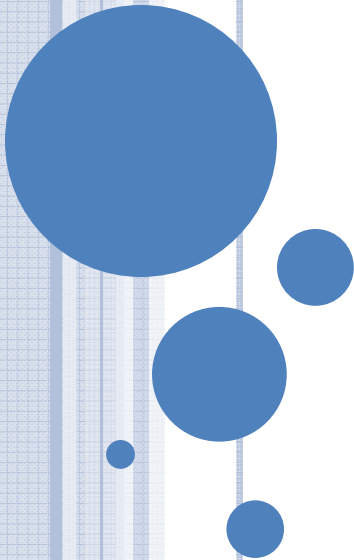
Rent increases are limited to the Annual General Adjustment (100% of the CPI)

“Base rents” rolled back to the rent paid by Tenant on July 21, 2015 or the first date of a newer tenancy.

Landlords must have “Just Cause” to terminate tenancy or evict

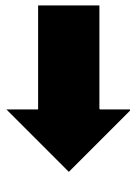
Ordinance provides a Rent Adjustment/Fair Return Petition Process

EXEMPTIONS FROM RENT CONTROL



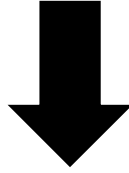
WHICH PROPERTIES ARE COVERED BY THE RENT ORDINANCE

Fully Covered:
Rent Controls and
Just Cause
Eviction
Protections



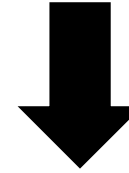
- ✓ Multi-Unit Properties built before February 1, 1995 (received a certificate of occupancy)

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



- ✓ 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.
- ✓ Non-profit home for the aged

**BASE RENT,
MAXIMUM ALLOWABLE RENT
(MAR) AND ANNUAL GENERAL
ADJUSTMENT (AGA)
RENT INCREASE NOTICING
REQUIREMENTS**

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 in after July 21, 2015)

ANNUAL GENERAL ADJUSTMENT (AGA)

What is the AGA and how is it calculated?

Annual allowable cost-of-living increase, based on 100% of Consumer Price Index (inflationary rate).

When can first AGA be taken after new tenancy starts?

One full calendar year must expire after Sept. 1 of each year.

When during the year can the AGA be taken?

The AGA can be taken on Sept. 1 of each year after proper legal notice.

Can Landlords “bank” or recover deferred AGA increases?

Yes, a limit of 5% of previously deferred AGAs can be recovered each year, along with the current years AGA.

THE 2016, 2017, AND 2018 ANNUAL GENERAL ADJUSTMENT

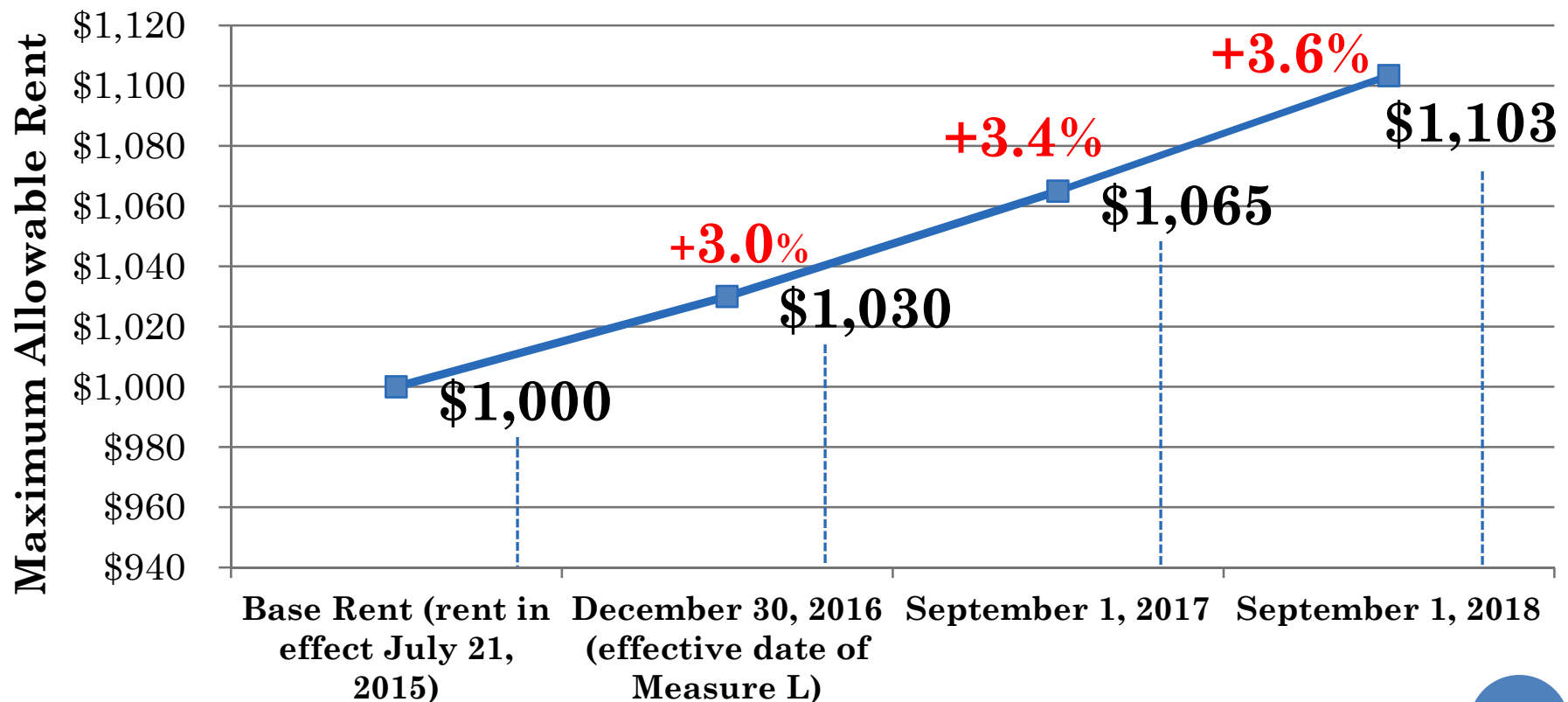
2016 Annual General Adjustment: 3.0%

2017 Annual General Adjustment: 3.4%

2018 Annual General Adjustment:
3.6% (effective September 1st, 2018).

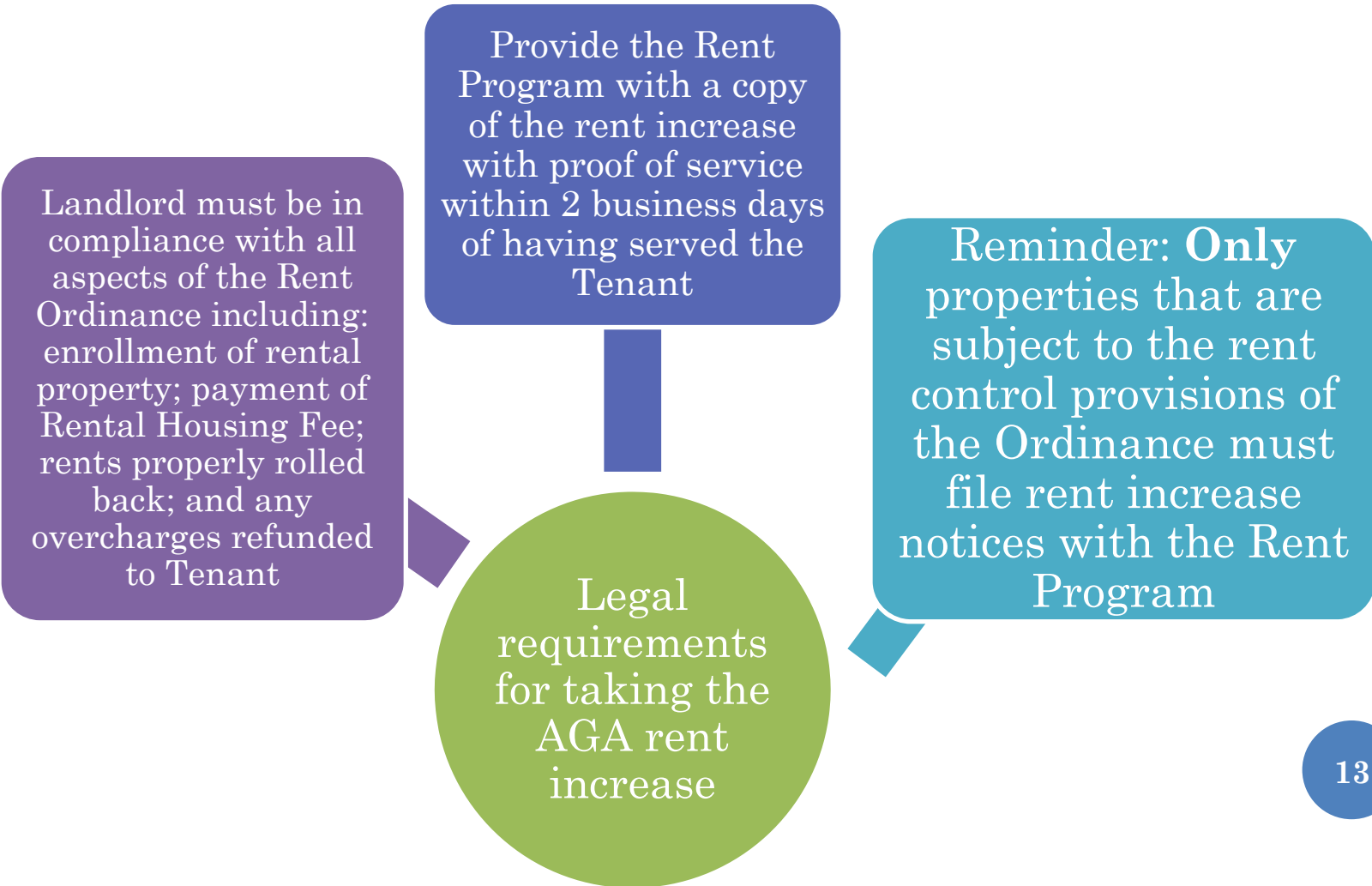
A Landlord must give the Tenant proper notice of a rent increase per California Civil Code 827: A Landlord may increase the rent up to the **Maximum Allowable Rent** with a 30-day notice for an increase of 10% or less or a 60-day notice for an increase of more than 10%

MAXIMUM ALLOWABLE RENT (MAR): EXAMPLE



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.

WHAT ARE THE REQUIREMENTS FOR TAKING AN AGA RENT INCREASE?



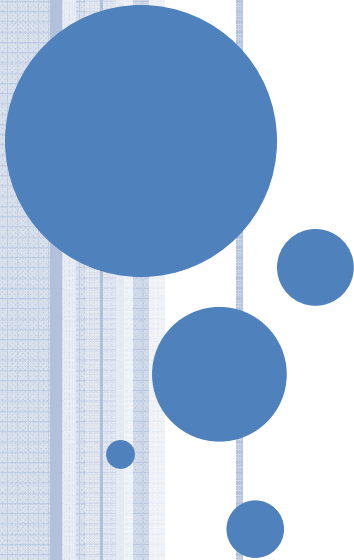
MAXIMUM ALLOWABLE RENT (MAR)

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

A rent increase cannot exceed the **Maximum Allowable Rent**, but it can be less. Even if the maximum rent is not charged, the **Maximum Allowable Rent** remains the same.

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

WHEN RENTS CAN BE RAISED TO “MARKET”



WHEN RENTS CAN 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. IF 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 A VACATION HOME).**

HOW DOES RENT CONTROL WORK IN CALIFORNIA?

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

What is vacancy decontrol and re-control?

Tenancy starts

In November 2017, Landlord and Tenant contract for \$1000 rent + garbage/water and parking included

2018

No AGA allowed

2019

Rent increases by 3.0% to \$1,030
(hypothetical example)

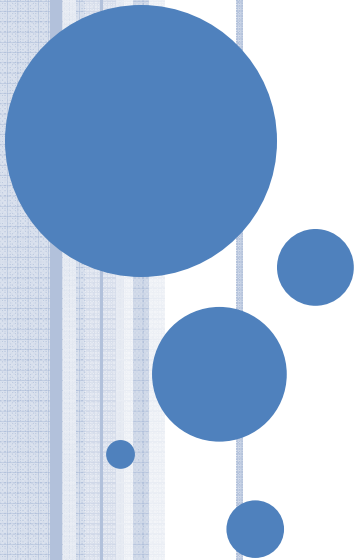
2020

Rent increases by 3.0% to \$1,060.90
(hypothetical example)

New tenancy starts or all of the original occupants have vacated

In 2021, Landlord resets rent to \$1,450 and contracts with new Tenant, parking is NOT included.

**JUST CAUSE FOR EVICTION,
EVICTION NOTICING
REQUIREMENTS, AND THE
EVICTION PROCESS**



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**

*** A Written Warning Notice MUST be served prior to a notice of termination of 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

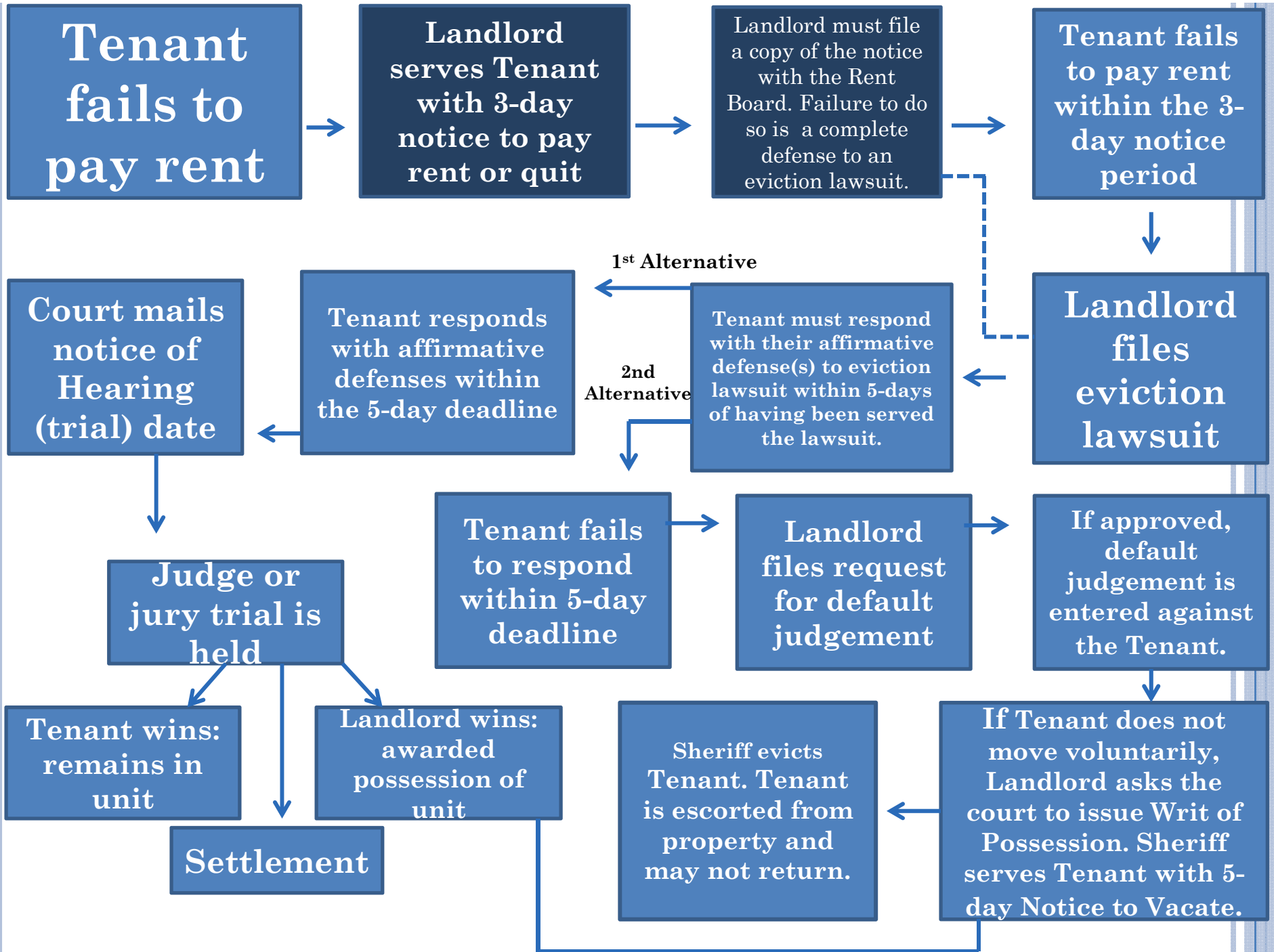
Landlord must submit a copy of any eviction notice served on a Tenant within 2 business days of having served the Tenant. The Landlord must submit an online form on the Rent Program's website (www.richmondrent.org), and upload a copy of the notice with a proof of service. This noticing requirement does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

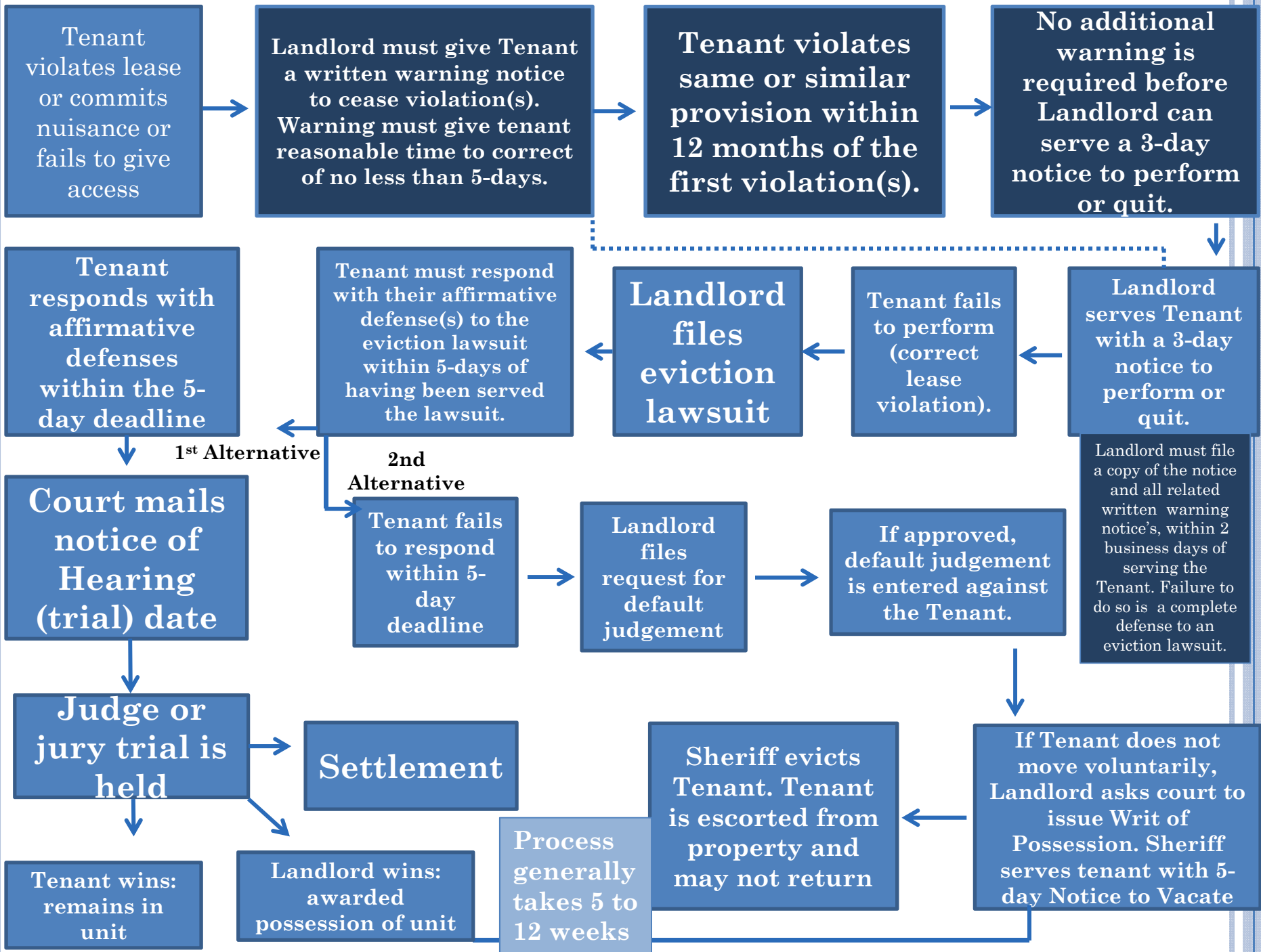
WRITTEN WARNING NOTICE REQUIREMENTS

RMC 11.100.050(D)

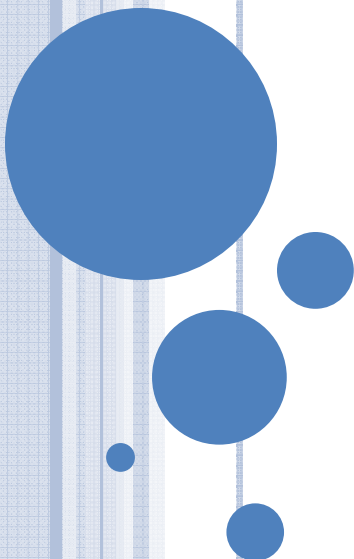
Must be served PRIOR to a notice of termination of tenancy if the Just Cause for Eviction is:

- **Breach of Lease**
 - **Nuisance**
 - **Failure to Give Access**
-
- Must be served within a “reasonable period” of no less than 5-days prior to 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.





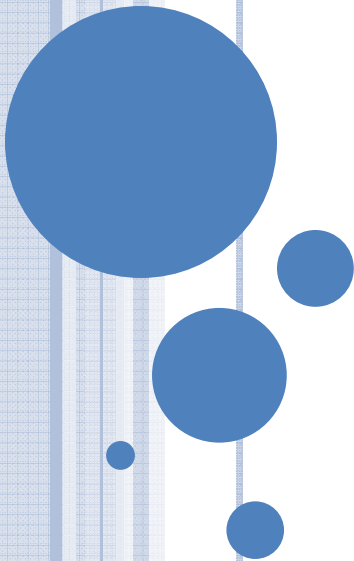
SALE, FORECLOSURE, AND TRANSFER OF PROPERTY



WHAT HAPPENS WHEN A PROPERTY IS SOLD, FORECLOSED, OR TRANSFERRED?

- The sale, transfer, or foreclosure of a property is **NOT** Just Cause for Eviction.
- The new owner will inherit the Tenant(s) living in the property, along with the existing stipulations in their written or verbal agreement.
- If the unit is under rent control, the new owner must abide by the base rent and allowed Annual General Adjustment (AGA), even if the rent has not been rolled back and the Tenant is owed excess rent.

RENT PROGRAM ADMINISTRATORS RELOCATION ORDINANCE



OVERVIEW OF THE RELOCATION ORDINANCE

- The Relocation Ordinance requires Landlords seeking to recover possession under **Owner Move-In, Withdrawal from the Rental Market, and Temporary Termination of Tenancy due to Substantial Repairs** to make Relocation Payments to each Tenant.
- The purpose of the Relocation Payment is to mitigate the hardship faced by Tenants to find alternative housing through no fault of their own.
- City Council has established the sum required to be paid to each Tenant under various “just causes.” The sums are non-negotiable.

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** OR due to a **Governmental Order to Vacate**.
- Notice of Entitlement to Relocation Payment must be provided with the Notice of Termination of Tenancy.

Temporary Relocation Payment (2018)

Per Diem Description	Amount	Term (a)
Hotel or Motel	\$149	Per day per household
Meal Expenses	\$30	Per day per person
Laundry	\$1	Per day per household
Pet Accommodations	Cat - \$29 Dog - \$52	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

- Owner Move-In sums must be provided to Tenants for **Owner Move-In.**
- Withdrawal from the Rental Market sums must be provided for **Withdrawal from Rental Market, Substantial Repairs, OR Governmental Order to Vacate.**
- Notice of Entitlement to Relocation Payment must be provided with the Notice of Termination of Tenancy.

Owner Move-In (R.M.C. 11.100.050(a)(6)) (2018)

Maximum Cap per Unit Type (a) (b)	Base Amount	Qualified Tenant Household Amount
Studio	\$3,492	\$4,057
1 Bedroom	\$5,392	\$6,213
2+ Bedroom	\$7,343	\$8,421

Withdrawal from Rental Market (R.M.C. 11.100.050(a)(7)) (2018)

Maximum Cap per Unit Type (a) (b)	Base Amount	Qualified Tenant Household Amount (c)
Studio	\$7,035	\$8,062
1 Bedroom	\$10,784	\$12,427
2+ Bedroom	\$14,635	\$16,843

(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 (I).

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:

2018 to 2019 Fiscal Year Fee

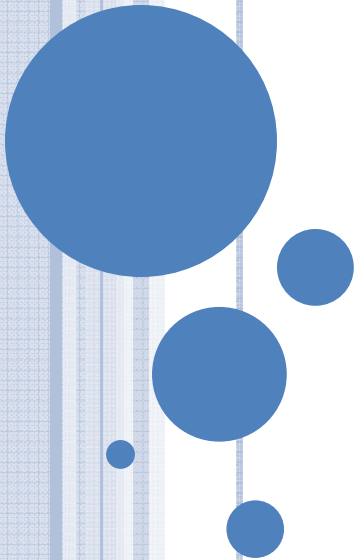
Fully Controlled Rental Units: \$207 per unit

Partially Exempt Rental Units: \$100 per unit

Governmentally-Subsidized Rental Units: \$50 per unit

Current Rental Housing Fee Late Payment Penalty	
Days Delinquent (after payment due date)	Penalty (expressed as a percent of Fee)
1 to 30 Days	10%
31 to 60 Days	25%
Greater than 60 Days	50%

RENT ADJUSTMENT PETITIONS



TENANT RENT ADJUSTMENT PETITIONS

Petition to reduce the rent due to decrease in space, services, habitability, or reduction in number of Tenants allowed

Excessive rent petition (due to failure to rollback rent or for being charged illegally high rent/rent above the Maximum Allowable Rent level)

Important Petition Facts: (1) Landlord has right to object to petition; (2) Most petitions and almost all habitability petitions will result in a hearing conducted by Hearing Examiner ; (3) Some petitions will be decided administratively if no objection is filed by the other party and the facts of the case are straightforward or not disputed.

(4) Either party can appeal a Hearing Examiner's decision.

LANDLORD RENT ADJUSTMENT PETITIONS

Petition to increase the Maximum Allowable Rent (MAR) due to increase in number of occupants allowed*

Petition to increase the Maximum Allowable Rent (MAR) due to increase in space or services

Petition to increase the Maximum Allowable Rent (MAR) due to increases in Net Operating and Maintenance costs

Important Petition Facts: (1) Tenant has right to object to petition; (2) Most petitions and almost all habitability petitions will result in a hearing conducted by Hearing Examiner; (3) Some petitions will be decided administratively if no objection is filed by the other party and the facts of the case are straightforward or not disputed. (4) Either party can appeal a Hearing Examiner's decision.

*A petition for an increase in the number of occupants will not be approved if it concerns additional tenants pursuant to the Regulations of the Richmond Rent Board, Chapter 9, Section 903 (B)(2)

OVERVIEW OF IMPORTANT CALIFORNIA CIVIL CODES

**Implied Warranty
of Habitability:
Civil Code 1941.1
and 1941.2**

**Security Deposit
Law:
Civil Code 1950.5**

**Landlord Entry
Law: Civil Code
1954**

**Proper Notice for
Terminating
Tenancies:
Civil Code 1946 and
1946.1**

**Rent Increase
Notice Law:
Civil Code 827**

**Lease Breaking
Law: Civil Code
1951.2**

1941.1: IMPLIED WARRANTY OF HABITABILITY

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.**

1941.2: TENANT'S RESPONSIBILITIES

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.

1950.5: SECURITY DEPOSIT LAW

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 deduct for cleaning or repairs that were not identified during the inspection because they were concealed by the Tenant's belongings.

1950.5: SECURITY DEPOSIT LAW

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.

1954: LAWFUL LANDLORD ENTRY

- Landlord may only enter to make necessary or agreed repairs, decorations, alterations or improvements, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgagees, tenants, workers, or contractors or to make an inspection pursuant to Section 1950.5 (Security Deposit Law).
- 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.

1946: PROPER NOTICE WHEN TERMINATING TENANCIES

- 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-day written 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.
- Note: Any termination notice served in the City of Richmond must cite one of the permitted just causes for eviction, unless the Rental Unit is fully-exempt from the Rent Ordinance.

827: GIVING PROPER NOTICE FOR CHANGES IN TERMS OF TENANCY, INCLUDING RENT INCREASES

- Generally, changes in terms of tenancy require a minimum 30-day written notice.
- A notice to increase rent by 10% (during any 12 month period) or less requires a 30-day written notice of rent increase
- A notice to increase rent by more than 10% (during any 12 month period) requires a 60-day written notice of rent increase

1951.2: LEASE BREAKING LAW

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**

THANK YOU!

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**This presentation can be found at:
RichmondRent.org/workshops**