



## REGULAR MEETING OF THE RENT BOARD OF THE CITY OF RICHMOND

CITY COUNCIL CHAMBERS, COMMUNITY SERVICES BUILDING  
440 Civic Center Plaza, Richmond, CA 94804

**Wednesday, October 17, 2018**

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### **Boardmembers**

Nancy Combs  
Virginia Finlay  
Emma Gerould  
David Gray  
Lauren Maddock

***Link to Rent Board Meeting Agendas and Accompanying Materials:***  
[www.ci.richmond.ca.us/3375/Rent-Board](http://www.ci.richmond.ca.us/3375/Rent-Board)

### **COMMUNICATION ACCESS INFORMATION**

This meeting is being held in a wheelchair accessible location. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact Bruce Soublet, ADA Coordinator, at (510) 620-6509 at least three business days before the meeting date.

### **NOTICE TO PUBLIC**

The City of Richmond encourages community participation at public meetings and has established procedures that are intended to accommodate public input in a timely and time-sensitive way. As a courtesy to all members of the public who wish to participate in Rent Board meetings, please observe the following procedures:

**Public Comment on Agenda Items:** Persons wishing to speak on a particular item on the agenda shall file a speaker form with City staff PRIOR to the Rent Board's consideration of the item on the agenda. Once the clerk announces the item, only those persons who

have previously submitted speaker forms shall be permitted to speak on the item. Each speaker will be allowed up to two minutes to address the Rent Board.

Public Forum: Individuals who would like to address the Rent Board on matters not listed on the agenda or on items remaining on the consent calendar may do so under Public Forum. All speakers must complete and file a speaker's card with City staff prior to the commencement of Public Forum. The amount of time allotted to individual speakers shall be determined based on the number of persons requesting to speak during this item. The time allocation for each speaker will be as follows: 15 or fewer speakers, a maximum of 2 minutes; 16 to 24 speakers, a maximum of 1 and one-half minutes; and 25 or more speakers, a maximum of 1 minute.

Conduct at Meetings: Richmond Rent Board meetings are limited public forums during which the City strives to provide an open, safe atmosphere and promote robust public debate. Members of the public, however, must comply with state law, as well as the City's laws and procedures and may not actually disrupt the orderly conduct of these meetings. The public, for example, may not shout or use amplifying devices, must submit comment cards and speak during their allotted time in order to provide public comment, may not create a physical disturbance, may not speak on matters unrelated to issues within the jurisdiction of the Rent Board or the agenda item at hand, and may not cause immediate threats to public safety.

City Harassment Policy: The City invites public comment and critique about its operations, including comment about the performance of its public officials and employees, at the public meetings of the City Council and boards and commissions. However, discriminatory or harassing comments about or in the presence of City employees, even comments by third parties, may create a hostile work environment, if severe or pervasive. The City prohibits harassment against an applicant, employee, or contractor on the basis of race, religious creed, color, national origin, ancestry, physical disability, medical condition, mental disability, marital status, sex (including pregnancy, childbirth, and related medical conditions), sexual orientation, gender identity, age or veteran status, or any other characteristic protected by federal, state or local law. In order to acknowledge the public's right to comment on City operations at public meetings, which could include comments that violate the City's harassment policy if such comments do not cause an actual disruption under the Council Rules and Procedures, while taking reasonable steps to protect City employees from discrimination and harassment, City Boards and Commissions shall adhere to the following procedures. If any person makes a harassing remark at a public meeting that violates the above City policy prohibiting harassment, the presiding officer of the meeting may, at the conclusion of the speaker's remarks and allotted time: (a) remind the public that the City's Policy Regarding Harassment of its Employees is contained in the written posted agenda; and (b) state that comments in violation of City policy are not condoned by the City and will play no role in City decisions. If any person makes a harassing remark at a public meeting that violates the above City policy, any City employee in the room who is offended by remarks violating the City's policy is excused from attendance at the meeting. No City employee is compelled to remain in attendance

where it appears likely that speakers will make further harassing comments. If an employee leaves a City meeting for this reason, the presiding officer may send a designee to notify any offended employee who has left the meeting when those comments are likely concluded so that the employee may return to the meeting. The presiding officer may remind an employee or any council or board or commission member that he or she may leave the meeting if a remark violating the City's harassment policy is made.

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## REGULAR MEETING OF THE RICHMOND RENT BOARD

### AGENDA

5:00 PM

**A. PLEDGE TO THE FLAG**

**B. ROLL CALL**

**C. STATEMENT OF CONFLICT OF INTEREST**

**D. AGENDA REVIEW**

**E. DEPARTMENT UNIT PRESENTATION – FRONT OFFICE STAFF**

**F. PUBLIC FORUM**

**G. RENT BOARD CONSENT CALENDAR**

**G-1.** APPROVE the minutes of the September 19, 2018 Regular Meeting of the Richmond Rent Board. *Cynthia Shaw*

**G-2.** RECEIVE the September 2018 Rent Program Monthly Report. *Paige Roosa*

**H. REGULATIONS**

**H-1.** ADOPT amendments to Regulation 602 to (1) clarify the banking provisions of the Regulation, where Landlords may apply up to 5% of deferred rent increases in a twelve-month period, and (2) establish the utilization of a compound interest formula, rather than a simple interest formula, in the calculation of the Maximum Allowable Rent. *Nicolas Traylor*

**I. REPORTS OF OFFICERS**

**J. ADJOURNMENT**

***Any documents produced by the City and distributed to a majority of the Rent Board regarding any item on this agenda will be made available at the Rent Program Office located on the second floor of 440 Civic Center Plaza and will be posted at [www.richmondrent.org](http://www.richmondrent.org).***

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: October 17, 2018

Final Decision Date Deadline: October 17, 2018

**STATEMENT OF THE ISSUE:** The minutes of the September 19, 2018, Regular Meeting of the Richmond Rent Board require approval.

## 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 checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |
| <input type="checkbox"/> Contract/Agreement   | <input 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:** APPROVE the minutes of the September 19, 2018 Regular Meeting of the Richmond Rent Board – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

**G-1.**

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**RICHMOND, CALIFORNIA, September 19, 2018**

The Regular Meeting of the Richmond Rent Board was called to order at 5:01 P.M.

**PLEDGE TO THE FLAG**

**ROLL CALL**

**Present:** Boardmembers Combs, Finlay, Maddock, and Chair Gray.

**Absent:** Vice Chair Gerould.

**STATEMENT OF CONFLICT OF INTEREST**

None.

**AGENDA REVIEW**

None.

**DEPARTMENT UNIT PRESENTATION – PUBLIC INFORMATION UNIT**

**PUBLIC FORUM**

Cordell Hindler invited the Rent Board to attend a community event that will be held during the months of September and October. He also expressed that there was an error in the August minutes shown on the website, and requested the name be corrected from Richmond Neighborhood Council to Point Richmond Neighborhood Council, and that the website be updated to reflect this correction. He also reported on the presentation by Executive Director, Nicolas Traylor at the Point Richmond Neighborhood Council. He also expressed concern about how Rent Program Workshop attendees ask questions during the presentation and how it would be a courtesy to others to hold questions until the end of the workshop and suggested that workshop attendees complete a comment card to submit questions to staff members with their questions or concerns.

Robin Lape, a resident of Heritage Park Apartments, expressed concern about a recent rent increase she received and that she is enrolled in the Section 8 program. She also expressed the feeling of not knowing what's next and questioning will management sell the property or will the residents be kicked out? She also mentioned that residents face several issues with Heritage Park management when it comes to taking care of the appliances and other issues that she didn't have time to mention. She mentioned her experience dealing with management to receive a refrigerator and how the process was lengthy and time consuming and feels that the issues with management are getting out of hand.

Mitchell Jamerson discussed the issue about his home being fraudulently foreclosed and how he discussed this issue with Executive Director, Nicolas Traylor and Rent Program staff for advice and resolution and no action was taken. He feels that Mr. Traylor lied to him saying that the Rent Program can assist him but refused to assist him because of his race and that Mr. Traylor had no interest in assisting him with the foreclosure issue.

Elsa Stevens, a resident of Heritage Park, expressed gratitude to Mr. Nicolas Traylor for negotiating a lower rent increase for residents this summer. She also mentioned how several residents moved out in fear of the 12% rent increase given this year. She mentioned that the residents held a meeting and that several residents mentioned the security issues on the property. She mentioned how several cars have been broken into, the issues with drug trafficking, some tenants allow guests to stay more than 2 weeks or a year. She also mentioned that residents have spoken to management about the problems on the property, but they are not addressing the problems. She also expressed concern about the conditions of the washers and dryers in the laundry area. She mentioned how many residents were not given an orange complaint form to submit to management. She also mentioned difficulties faced by tenants with a disability. She also mentioned that management talked about providing security cameras, but they were never installed. Finally, she expressed that a tenant with a disability was charged \$300 by management to move his furniture for renovations and wasn't given a receipt of payment.

Audrey Jenkins, a resident of Heritage Park Apartments expressed concerns about the unsanitary state of the washing machines. She shared a photo of the washing machine that had an item of clothing with feces on it. She mentioned that she has found feces in both the washing machine and the dryers, located in the A & B building of the property and feels that it is a health hazard to

residents. She also feels that this issue should be taken care of by a higher power other than a resident. She also mentioned hearing from residents of drug dealings in the building on the 1<sup>st</sup> and 3<sup>rd</sup> floors. She mentioned the high traffic of non-residents who come in and out of the building and that they pose a threat to the elderly residents. She also mentioned that she asked management for new blinds for her apartment, since they were 18 years old and was told that she had to pay \$156 to have them replaced.

### **RENT BOARD CONSENT CALENDAR**

On motion of Chair Gray, seconded by Boardmember Maddock, the item(s) marked with an (\*) were approved with Vice Chair Gerould absent and with the correction to the public comment made by Cordell Hindler, to change Richmond Neighborhood Council to Point Richmond Neighborhood Council, on the August 15, 2018, minutes.

\*G-1. Approve the minutes of the August 15, 2018, Regular Meeting of the Richmond Rent Board.

\*G-2. Receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100.

\*G-3. Receive the August 2018 Rent Program Monthly Report.

### **REGULATIONS**

H-1. The matter to adopt amendments to Rent Board Regulation 503 (Notice Requirements) to: (1) reorganize the steps of withdrawing a rental property to reflect a more consistent process; (2) clarify the permissible use of authorized agents to file, serve, and record required documents; (3) remove the obligation that a Landlord record a “certificate” indicating that they have initiated actions to terminate tenancies of their rental properties; and (4) remove the obligation that Landlords provide Tenants with stamped postcards, whereby a Tenant may indicate that they are entitled to relocation benefits was presented by Executive Director, Nicolas Traylor. The presentation included a statement of the issue, Ellis Regulation background information, staff’s proposal addressing Landlords’ various concerns, step-by-step reorganization of the withdrawal process, clarification that landlords are permitted to use designated agents to satisfy most of Regulation 503 requirements, removing duplicative steps, and the

recommended action. Discussion ensued. The following individual gave comments: Olga Eaglin. A motion by Chair Gray, seconded by Boardmember Combs, to adopt amendments to Rent Board Regulation 503 (Notice Requirements) to (1) reorganize the steps of withdrawing a rental property to reflect a more consistent process; (2) clarify the permissible use of authorized agents to file, serve, and record required documents; (3) remove the obligation that a Landlord record a “certificate” indicating that they have initiated actions to terminate tenancies of their rental properties; and (4) remove the obligation that Landlords provide Tenants with stamped postcards, whereby a Tenant may indicate that they are entitled to relocation benefits, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

H-2. The matter to adopt Regulation 911.5 (Determining the Lawful Rent in Master Tenant – Subtenant Occupancies), prohibiting Master Tenants from charging subtenants more Rent than that which is actually and lawfully due and payable to the Landlord of the Controlled Rental Unit, and permit subtenants to petition the Rent Board for an adjustment in Rent and/or exercise rights and obligations pursuant to Regulation 911 (Overcharges and Other Violations), was presented by Executive Director, Nicolas Traylor. The presentation included a statement of the issue, the background, a summary of Regulation 911.5, and the recommended action. Discussion ensued. There were no public comments on this item. A motion by Boardmember Maddock, seconded by Boardmember Finlay, to adopt Regulation 911.5 (Determining the Lawful Rent in Master Tenant – Subtenant Occupancies), prohibiting Master Tenants from charging subtenants more Rent than that which is actually and lawfully due and payable to the Landlord of the Controlled Rental Unit, and permit subtenants to petition the Rent Board for an adjustment in Rent and/or exercise rights and obligations pursuant to Regulation 911 (Overcharges and Other Violations), passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

H-3. The matter to adopt amendments to Regulation 402 (Required Rent Registration), Regulation 405 (Enrollment with the Richmond Rent Program) and Regulation 406 (Failure of a Landlord to Enroll or File) to clarify the following requirements: (1) all rental properties containing at least one Rental Unit, as defined in Section 11.100.030(m) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be enrolled

with the Rent Program; (2) all tenancies in Controlled Rental Units, as defined in Section 11.100.030(d) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be registered with the Rent Program; and (3) the failure to enroll a rental property and/or register a tenancy in a Controlled Rental Unit may be asserted as an affirmative defense to an unlawful detainer (eviction) lawsuit, was presented by Deputy Director, Paige Roosa. The presentation included a statement of the issue, the background and purpose, information captured in enrollment and tenancy registration forms, proposed applicability of enrollment and tenancy registration, and the recommended action. Discussion ensued. There were no public comments on this item. A motion by Chair Gray, seconded by Boardmember Combs, to adopt amendments to Regulation 402 (Required Rent Registration), Regulation 405 (Enrollment with the Richmond Rent Program) and Regulation 406 (Failure of a Landlord to Enroll or File) to clarify the following requirements: (1) all rental properties containing at least one Rental Unit, as defined in Section 11.100.030(m) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be enrolled with the Rent Program; (2) all tenancies in Controlled Rental Units, as defined in Section 11.100.030(d) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, must be registered with the Rent Program; and (3) the failure to enroll a rental property and/or register a tenancy in a Controlled Rental Unit may be asserted as an affirmative defense to an unlawful detainer (eviction) lawsuit, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

H-4. The matter to adopt an amendment to Regulation 603(A), modifying the requirement that Landlords file notices of rent increase with the Rent Board within two business days to require that Landlords file notices of rent increase with the Rent Board within 10 business days was presented by Executive Director, Nicolas Traylor. The presentation included a statement of the issue, background information, and the recommended action. Discussion ensued. The following individual gave comments: James Burns. A motion by Chair Gray, seconded by Boardmember Maddock, to adopt an amendment to Regulation 603(A), modifying the requirement that Landlords file notices of rent increase with the Rent Board within two business days to require that Landlords file notices of rent increase with the Rent Board within 10 business days, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

**STUDY AND ACTION SESSION**

I-1. The matter to receive a case study matrix and presentation from Rent Program staff members concerning Tenant Buyout Agreement policies and provide direction to staff was presented by Deputy Director, Paige Roosa. The presentation included a statement of the issue, the background and purpose, case study research, case study research that included common and unique elements of buyout agreements, next steps and the recommended action. Discussion ensued. There were no public comments on this item. A motion by Chair Gray, seconded by Boardmember Combs, to receive a case study matrix and presentation from Rent Program staff members concerning Tenant Buyout Agreement policies and direct staff to present three types of policy options to the Board in regards to buyouts; a stringent option, a moderate option and a non-stringent option, allowing the Board to study and provide further direction to staff, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

**REPORTS OF OFFICERS**

Executive Director, Nicolas Traylor, gave a brief report on the success of the Handling Habitability Issues workshop, Landlord oriented, held on Saturday, September 15, 2018. He also gave a brief report on the Rent Control presentation he and Deputy Director Paige Roosa presented to The Point Richmond Neighborhood Council and that they received good feedback from attendees. He also mentioned that they will continue to give presentations on Rent Control to other Neighborhood Councils in the city and that the next presentation will be held at the Iron Triangle Neighborhood Council meeting.

Deputy Director, Paige Roosa reminded the Board of the upcoming Appeals Training scheduled for Saturday, September 22<sup>nd</sup> at 10:00 AM, to 12:00 PM, in the Richmond Room, located in City Hall and that it will be publicly noticed since all Boardmembers will be attending. Board Clerk, Cynthia Shaw also added that she will send reminders to Boardmembers on the logistics of the Appeals Training and that she will email the training literature to Chair Gray since he will be absent.

**ADJOURNMENT**

There being no further business, the meeting adjourned at  
6:55 P.M.

Cynthia Shaw and Ramona Howell  
Staff Clerks

(SEAL)

Approved:

\_\_\_\_\_  
David Gray, Chair

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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: October 17, 2018

Final Decision Date Deadline: October 17, 2018

**STATEMENT OF THE ISSUE:** The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. With a now fully-staffed department, staff members find it timely to begin producing such reports on a monthly basis.

## 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 checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |
| <input type="checkbox"/> Contract/Agreement   | <input 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 the September 2018 Rent Program Monthly Report - Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

**G-2.**

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MEMORANDUM

**TO:** Chair Gray and Members of the Rent Board  
**FROM:** Paige Roosa, Deputy Director  
**DATE:** October 17, 2018  
**SUBJECT:** SEPTEMBER 2018 MONTHLY ACTIVITY REPORT

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**Introduction**

The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program’s activities for the month. With a now fully-staffed department, staff members find it timely to begin producing such reports on a monthly basis. It is anticipated that the format, content, and detail of this report will evolve over time. Feedback concerning this report may be submitted via email to [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us) or by calling (510) 234-RENT (7368).

**September Department Highlights**

*Staff members remained focused on the launch of Property Enrollment and Rent Registration.* Staff members continued to work diligently during the month of September in preparation for the launch of the comprehensive Property Enrollment and Tenancy Registration project in October. City of Richmond IT Department staff members were instrumental in the development of the online billing, Property Enrollment, and Tenancy Registration systems. The collection of this information will support the second billing cycle of the Rental Housing Fee, which is anticipated to commence in October concurrent with implementation of the Enrollment and Tenancy Registration processes.

*The Compliance Officer began working with the Rent Program team on key projects.* In mid-September, Philip Verma joined the Rent Program team as a full-time, term-position Rent Program Services Analyst. Philip’s work plan includes several compliance-related projects to improve collection of the Rental Housing Fee, identify noncompliant Rental Units, and collaborate with the Department’s Staff Attorney to compel compliance. In his first few weeks, Philip gained familiarity with the Rent Program’s case management and billing platforms, completed an analysis of outstanding Rental Housing Fee revenue, and conducted targeted outreach to large property owners with respect to the 2018-19 Rental Housing Fee.

*The Hearings Unit continued to administer the Rent Adjustment Petition process, and the Department’s Hearing Examiner issued the first formal decision.* Since the Hearings Unit began hearing petitions during the month of August, seven hearings have been held. Five of these cases were resolved through mediation during a preliminary settlement conference, and two have required a formal decision by the Hearing Examiner. To date, no appeals of a Rent Adjustment decision have been filed.

***Members of the Rent Board attended an appeals training hosted by Rent Program staff.***

On September 22, 2018, Rent Program staff members hosted an appeals training for Boardmembers in anticipation of future appeals to Rent Adjustment Petition decisions. Presentations were led by the Rent Program Staff Attorney and Hearing Examiner. More information about the Rent Board's Rent Adjustment Petition process may be found in Chapter 8 of the Board's Regulations.



***The Rent Program tabled at La Feria de Septiembre, an event hosted by the RYSE Youth Center celebrating Chicana and Latinx Heritage Month.***



On September 14, 2018, Rent Program staff members participated in a resource fair at RYSE Youth Center's *La Feria de Septiembre* event. The Rent Program was joined by the Community Clinic Consortium, Urban Tilt, Richmond Promise, Healthy Richmond, and Communities for a Better Environment. Staff members provided information to community members about the Rent Program, Rent Ordinance, and related policies. The Rent Program looks forward to participating at future resource fairs hosted by the RYSE Youth Center and other community

organizations as a method of continuing to engage community members and share pertinent information to Richmond tenants and landlords.

***The September Habitability Issues Community Workshop informed Tenants and Landlords of how to address habitability issues in their Rental Units.***

The September Community Workshop concerning Habitability Issues (Landlord-Oriented) was attended by 31 Richmond Tenants and Landlords. Staff members provided a presentation on a variety of relevant topics, including local and State laws, and were able to respond to a number of questions from participants. Presentation materials are accessible at

<http://www.ci.richmond.ca.us/3541/Workshops>.



**Summary of Activities**

**I. Counseling and Community Engagement**

<i>Monthly Activity</i>	<i>Occurrences</i>	<i>Prior Month Occurrences</i>	<i>% Change from Prior Month</i>
Phone Call Consultations	432	552	-21.7%
Walk-In Consultations (includes appointments)	229	315	-27.3%
Email Responses	207	177	16.9%
<b>Total Consultations</b>	<b>868</b>	<b>1,044</b>	<b>-16.8%</b>
Courtesy Compliance Letters Mailed	3	18	-83.3%
Warning Letters Mailed	0	3	-100%
Direct Referrals to Legal Service Providers	14	14	0%
Declarations of Exemption Processed	31	150	-79.3%
Request for Mediations Filed	5	6	-16.7%
Informal Mediations Held	4	4	0%
Formal Mediations Held	1	2	-50.0%
Community Workshop Attendees (09/15/18 Handling Habitability Issues)	31	19	63.2%

**II. FY 2016-17 & FY 2017-18 Fee Collection**

<i>Monthly Activity</i>	<i>Total</i>	<i>Prior Month Total</i>	<i>% Change from Prior Month</i>
Revenue Collected September 1, 2018 - September 31, 2018	\$49,762.50	\$87,687.78	-43.3%
Total Revenue Collected through September 30, 2018	\$2,076,878.89 (74.1% of total)	\$2,027,116.39 (72.5% of total)	N/A
Invoices Generated <sup>1</sup>	12,657	110	11,406.4%

**III. Filing of Notices**

<i>Type of Form</i>	<i>Monthly Submissions/ Notices Filed</i>	<i>Prior Month Total</i>	<i>% Change from Prior Month</i>
Enrollment	25	58	-56.9%
Proof of Excess Rent Refund	1	7	-85.7%
Change in Terms of Tenancy Notices Filed	6	8	-25%
Rent Increase Notices Filed	100	651	-84.6%
Termination Notices Filed	459	406	13.1%
<i>Applicable Just Cause for Eviction - Nonpayment of Rent</i>	465	398	16.8%
<i>Applicable Just Cause for Eviction - Breach of Lease</i>	6	6	0%
<i>Applicable Just Cause for Eviction -</i>	1	1	0%

<sup>1</sup> This figure represents an aggregate total including invoices for Fiscal Year 2016-17, 2017-18, and 2018-19.

## ITEM G-2

<i>Nuisance</i>			
<i>Applicable Just Cause for Eviction – Withdrawal from the Rental Market</i>	0	0	N/A
<i>Applicable Just Cause for Eviction – Owner Move-In</i>	0	0	N/A
<i>Applicable Just Cause for Eviction – Temporary Termination to Undertake Substantial Repairs</i>	0	1	-100%
Agent Authorization	5	19	-73.7%
Petition for Maximum Allowable Rent Increase or Decrease	6	4	50.0%
Proof of Permanent Relocation Payment Form	1	0	N/A
Proof of Temporary Relocation Payment Form	0	0	N/A
Unpaid Permanent Relocation Complaint	0	0	N/A
Unpaid Temporary Relocation Complaint	0	0	N/A
<b>Total Form Submissions/Notices Filed</b>	<b>603</b>	<b>1,153</b>	<b>-47.7%</b>

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: October 17, 2018

Final Decision Date Deadline: October 17, 2018

**STATEMENT OF THE ISSUE:** On December 20, 2017, the Richmond Rent Board adopted Regulation 602, which allows Landlords of Controlled Rental Units to “bank” Annual General Adjustment rent increases, with limitations. Staff members are proposing revisions to Regulation 602 to (1) clarify the banking provisions of the Regulation, where Landlords may apply up to 5% of deferred rent increases in a twelve-month period, and (2) establish the utilization of a compound interest formula, rather than a simple interest formula, in the calculation of the Maximum Allowable Rent.

## 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 |
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## ITEM

- |   |  |                                 |
|---|--|---------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) |  |                                 |
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| <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:** ADOPT amendments to Regulation 602 to (1) clarify the banking provisions of the Regulation, where Landlords may apply up to 5% of deferred rent increases in a twelve-month period, and (2) establish the utilization of a compound interest formula, rather than a simple interest formula, in the calculation of the Maximum Allowable Rent – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

**H-1.**

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# AGENDA REPORT

**DATE:** October 17, 2018

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

**FROM:** Nicolas Traylor, Executive Director

**SUBJECT:** PROPOSED REVISIONS TO REGULATION 602, REGARDING  
"BANKING" OF ANNUAL GENERAL ADJUSTMENT RENT INCREASES

## **STATEMENT OF THE ISSUE:**

On December 20, 2017, the Richmond Rent Board adopted Regulation 602, which allows Landlords of Controlled Rental Units to "bank" Annual General Adjustment rent increases, with limitations. Staff members are proposing revisions to Regulation 602 to (1) clarify the banking provisions of the Regulation, where Landlords may apply up to 5% of deferred rent increases in a twelve-month period, and (2) establish the utilization of a compound interest formula, rather than a simple interest formula, in the calculation of the Maximum Allowable Rent.

## **RECOMMENDED ACTION:**

ADOPT amendments to Regulation 602 to (1) clarify the banking provisions of the Regulation, where Landlords may apply up to 5% of deferred rent increases in a twelve-month period, and (2) establish the utilization of a compound interest formula, rather than a simple interest formula, in the calculation of the Maximum Allowable Rent – Rent Program (Nicolas Traylor 620-6564).

## **FISCAL IMPACT:**

While there is no discernable fiscal impact concerning this action item, if Regulation 602 is not amended, the process of calculating the Maximum Allowable Rent may be more administratively complex and could lead to confusion for both Landlords and Tenants, which may lead to higher staff costs.

**DISCUSSION:**

Background

Each September, the Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance (Rent Ordinance) allows Landlords to increase the Maximum Allowable Rent by the Annual General Adjustment. Pursuant to Rent Board Regulation 602, if a Landlord elects not to take an AGA increase, rather than losing that AGA increase, they may defer that increase (or multiple deferred AGA increases) to be taken in future years, with a limit of taking no more than 5% of deferred increases plus the current year's applicable increase within a 12 month period.

Proposed Amendments to Clarify the Banking Provisions of Regulation 602

On December 20, 2017, the Richmond Rent Board adopted Regulation 602, which states, in pertinent part:

*“B. To the extent a Landlord has not increased Rent up to the Maximum Lawful Rent level, the Landlord shall have the ability to apply deferred Annual General Adjustment rent increases; however, the net rent increase in any one twelve-month period shall not exceed the current year Annual General Adjustment Rent Increase plus five percent (5.0%) of the Rent charged at any time during the preceding 12-month period.”*

In their application of this provision, staff members have recognized that the phrase *“the net rent increase in any one twelve-month period shall not exceed the current year Annual General Adjustment Rent Increase plus five percent (5.0%) of the Rent charged at any time during the preceding 12-month period”* does not adequately articulate the Board's intent to limit the application of deferred rent increases to five percent annually.

To rectify this issue, staff members propose the following language:

*“B. To the extent a Landlord has not increased Rent up to the Maximum Lawful Rent level, the Landlord shall have the ability to apply deferred Annual General Adjustment rent increases; however, if the proposed rent increase for the Tenant household exceeds the current year Annual General Adjustment plus 5 percent (5.0%) of the rental amount charged to the Tenant household at any time during the 12 months prior to the effective date of the proposed increase, either in and of itself or when combined with any other rent increases for the 12 months prior to the effective date of the increase, the proposed rent increase shall be void.”*

Compounding vs. Simple Interest Issue

The current Regulation employs a simple interest formula (e.g. 3.0% plus 3.4% equals 6.4%) rather than a compounding interest formula (e.g. 3.0% plus 3.4% equals 6.56%). To accurately calculate the Maximum Allowable Rent, which equals the Base or initial Rent paid plus each years AGA increase, the previous years Maximum Allowable Rent level must be multiplied by the current AGA percentage. This process uses compounding interest. Regulation 602 should therefore reflect this process.

The cumulative impact of utilizing simple versus compound interest formulas is shown in the table below. While the difference between the Maximum Allowable Rent using these two formulas may appear nominal in the first few years, the net effect of utilizing simple versus compound interest formulas will become more pronounced over time.

Year	AGA Rent Increase	Cumulative Total AGAs – <u>Simple Interest Formula</u>	New MAR - <u>Simple Interest Formula</u> (Assumes Base Rent of \$1,000)	Cumulative Total AGAs – <u>Compound Interest Formula</u>	New MAR – <u>Compound Interest Formula</u> (Assumes Base Rent of \$1,000)
2016	3.0%	3.0%	\$1,030	3.0%	\$1,030
2017	3.4%	6.4%	\$1,064	6.56%	\$1,065
2018	3.6%	10.0%	\$1,100	10.3%	\$1,103

Under a simple interest “banking” scheme, Landlords who elect to defer Annual General Adjustment increases will forego a portion of the rent increase. This may be inconsistent with the Rent Board’s intent to allow Landlords to recover previously deferred Annual General Adjustment rent increases to the fullest extent.

**DOCUMENTS ATTACHED:**

Attachment 1 – Redlined version of revised Regulation 602

Attachment 2 – Amended Regulation 602

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# ITEM H-1 ATTACHMENT 1

## 602. Banking

- A. A Landlord may, but is not required to, increase Rent by the Annual General Adjustment as provided by Chapter 6 of these Regulations.
- B. To the extent a Landlord has not increased Rent up to the Maximum Lawful Rent level, the Landlord shall have the ability to apply deferred Annual General Adjustment rent increases; however, if the proposed rent increase for the Tenant household exceeds the current year Annual General Adjustment plus five percent (5.0%)~~the~~ of the rental amount charged to the Tenant household at any time during the 12 months prior to the effective date of the proposed increase, either in and of itself or when combined with any other rent increases for the 12 months prior to the effective date of the increase, the proposed rent increase shall be void. net rent increase in any one twelve month period shall not exceed the current year Annual General Adjustment Rent Increase plus five percent (5.0%) of the Rent charged at any time during the preceding 12 month period.
- C. In the event that a current year's Annual General Adjustment exceeds five percent (5.0%), a Landlord may not apply any deferred Annual General Adjustment increases until the next Annual General Adjustment increase less than five percent (5.0%) is effective.
- D. "Banking" of Annual General Adjustment Increases shall be calculated based on simple compound 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 five six percent (6.56%), not six point four percent (6.4%)~~, not six point five six percent (6.56%)~~.
- E. Nothing in this Regulation shall preclude a Landlord from petitioning for a Rent Increase in excess of the Annual General Adjustment.
- F. This Regulation shall become effective September 1, 2018.

*[Formerly Regulation 17-09; adopted December 20, 2017; [Amended October 17, 2018](#)]*

**ITEM H-1  
ATTACHMENT 2**

**602. Banking**

- A. A Landlord may, but is not required to, increase Rent by the Annual General Adjustment as provided by Chapter 6 of these Regulations.
- B. To the extent a Landlord has not increased Rent up to the Maximum Lawful Rent level, the Landlord shall have the ability to apply deferred Annual General Adjustment rent increases; however, if the proposed rent increase for the Tenant household exceeds the current year Annual General Adjustment plus five percent (5.0%) of the rental amount charged to the Tenant household at any time during the 12 months prior to the effective date of the proposed increase, either in and of itself or when combined with any other rent increases for the 12 months prior to the effective date of the increase, the proposed rent increase shall be void.
- C. In the event that a current year's Annual General Adjustment exceeds five percent (5.0%), a Landlord may not apply any deferred Annual General Adjustment increases until the next Annual General Adjustment increase less than five percent (5.0%) is effective.
- D. "Banking" of Annual General Adjustment Increases shall be calculated based on compound addition. 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 five six percent (6.56%), not six point four percent (6.4%).
- E. Nothing in this Regulation shall preclude a Landlord from petitioning for a Rent Increase in excess of the Annual General Adjustment.
- F. This Regulation shall become effective September 1, 2018.

*[Formerly Regulation 17-09; adopted December 20, 2017; Amended October 17, 2018]*