

PURCHASING A RENTAL IN RICHMOND

(New Owner and Prospective Buyer
Oriented Workshop)

City of Richmond Rent Program

Presented By:

Monica Bejarano, Senior Management Analyst

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OVERVIEW OF TOPICS COVERED

Introduction of the
Richmond Rent
Ordinance and Rent
Program

Rent Control and Just
Cause for Eviction
Protections

Properties Subject to
the Richmond Rent
Ordinance

Purchasing a Rental in
Richmond

Claim an Exempt or
Inapplicability Status

Compliance Checklist

Rent Program Mission Statement

The Rent Program was established in January 2017 following approval of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Richmond Rent Ordinance”) by a majority of Richmond voters in November 2016.

The mission of the Rent Program is to promote neighborhood and community stability, healthy housing, and affordability for Richmond tenants through the regulating of those Landlord/Tenant matters that reasonably relate to rents and evictions, while maintaining a Landlord's right to a fair return.

Rent Program Services

Adoption of the Rent Ordinance led to the creation of a new Rent Program Department in 2017. Services provided by the Rent Program are as follows:

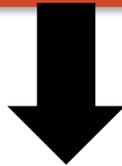
- ❖ Comprehensive counseling on the Rent Ordinance, Relocation Ordinance, and applicable State law
- ❖ Informal Mediation Services
- ❖ Referrals to Community Legal Service Providers
- ❖ Targeted Outreach to Tenants and Landlords Involved in the Termination of a Tenancy for Just Cause to Evict
- ❖ Administration of the Rent Adjustment Petition Process
- ❖ Hosting Monthly Community Education Workshops
- ❖ Facilitating Monthly Meetings of the Richmond Rent Board
- ❖ Billing and Collection of the Rental Housing Fee



Properties Subject to the Richmond Rent Ordinance

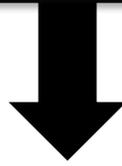
WHICH PROPERTIES ARE COVERED BY THE RENT ORDINANCE?

Fully Covered
("Controlled Rental Units"): Rent Control and Just Cause for Eviction Protections



- ✓ Multi-Unit Properties built on or before February 1, 1995

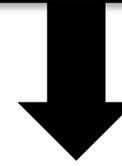
Partially Covered:
Only Just Cause for Eviction Protections (Not Rent-Controlled)



- ✓ Subsidized Units, including Section 8 Tenancies
- ✓ Properties with one dwelling unit on one parcel
- ✓ Condominiums
- ✓ "New Construction" constructed after February 1, 1995*

*Costa Hawkins requires units be permitted with a certificate of occupancy (i.e., permits are final and unit is fit for residential habitation).

Fully Exempt: No Rent Control and no Just Cause for Eviction Protections



- ✓ Landlord and Tenant share kitchen and/ or bath
- ✓ Single family homes where a permitted ADU was added and the main house is owner-occupied.
- ✓ Retirement Homes

The Richmond Rent Ordinance (RMC 11.100)

Rent Control

Rents are regulated. The Maximum Allowable Rent (MAR) is calculated by taking the **Base Rent + Annual General Adjustments (cost-of-living increase) + any allowable Individual Rent Adjustment** that is ordered by a Hearing Examiner.

Annual General Adjustment (AGA):
60% of the Consumer Price Index in the Bay Area (inflation rate) or 3%, whichever is less.*

Base Rent: the rent in effect as of **July 21, 2015**, or the first rent charged for Tenants that moved in after that date

Petition Process:
A mechanism to increase or decrease the MAR based on reasons permitted by the Rent Ordinance

Just Cause for Eviction Protections

a Landlord needs to have one of the eight "**Just Causes**" to terminate tenancy

- 1) Failure to Pay Rent
- 2) Breach of Lease
- 3) Nuisance
- 4) Failure to Give Access
- 5) Temporarily Vacate in Order to Undertake Substantial Repairs
- 6) Owner-Move-in/Owner Relative Move-In
- 7) Withdrawal from the Rental Market (Ellis Act)
- 8) Temporary Tenancy

www.richmondrent.org

*Due to the passage of **Measure P** during the 2022 General Election, the AGA is no longer calculated at 100% CPI but rather, 60% of CPI or 3%, whichever is lower.

ACCESSORY DWELLING UNITS (ADUs)

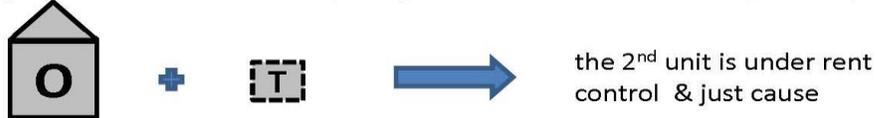
Accessory Dwelling Units (ADUs) and the Rent Ordinance



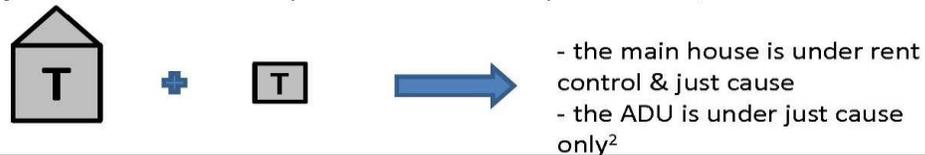
If the main house is the owner's primary residence and the 2nd unit is a permitted ADU, then...



If the main house is the owner's primary residence and the 2nd unit is not permitted, then...



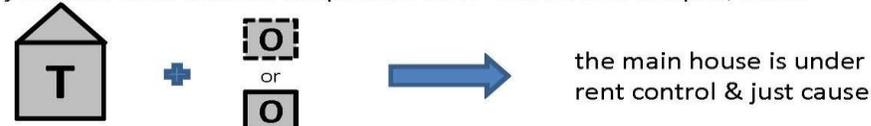
If both units are tenant-occupied and the 2nd unit is a permitted ADU, then...



If both units are tenant-occupied and the 2nd unit is not permitted, then...



If the main house is tenant-occupied and the 2nd unit is owner-occupied, then...



Key

O = owner-occupied (*primary residence*)
T = tenant-occupied



main house



permitted ADU



unpermitted 2nd unit

Note: all units are exempt from rent control if built after 1995

For more information on ADU requirements, contact the Planning Division at (510) 620-6706

For more information on Rent Control and Just Cause, contact the Rent Program at (510) 234-RENT (7368)

References

1. RMC 11.100.040 (2)
2. RMC 11.100.030 (d)(5)



Purchasing a Rental Property

What New Landlords Need to Know

New Landlords who purchase a property that is either vacant and plan to rent the property or If the property is occupied by Tenants are to comply with the requirements under the Richmond Rent Ordinance, which include:

- ❖ Enrollment and Tenancy Registration
- ❖ Payment of the [Residential Rental Housing Fee](#)
 - ❖ **NOTE:** The Rental Housing Fee is attached to the property, not the owner. If Rent Program records show there are previous fiscal year fees due on the property, the current owner on record is responsible to pay the fees. Prior to purchasing a rental in Richmond, please inquire if ANY fees are owed on the property or you may call Rent Program staff (510-234-7368).

Property Enrollment and Tenancy Registration

- ❖ Forms may be filed with the Rent Program by one of the following methods:
 - ❖ By Mail: Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804
 - ❖ Email: rent@ci.Richmond.ca.us
 - ❖ In Person: Richmond Rent Program Office, 440 Civic Center Plaza, Suite 200, Richmond, CA 94804
- ❖ Forms are available online at www.richmondrent.org under the web page titled, "[Enrollment and Registration](#)."

Residential Rental Housing Fee

The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Richmond Rent Ordinance”) requires the City Council to adopt a Residential Rental Housing Fee, following a recommendation from the Rent Board. All Landlords subject to the Richmond Rent Ordinance are required to pay the associated Rental Housing Fee.

Fiscal Year 2023-2024 (July 1, 2022-June 30, 2024)	Fully Covered Rental Units: \$220 per unit Partially Covered Rental Units*: \$125 per unit
Fiscal Year 2022-2023	Fully Covered Rental Units: \$226 per unit Partially Covered Rental Units: \$127 per unit
Fiscal Year 2021-2022	Fully Covered Rental Units: \$218 per unit Partially Covered Rental Units: \$123 per unit
Fiscal Year 2020-2021	Fully Covered Rental Units: \$219 per unit Partially Covered Rental Units: \$124 per unit
Fiscal Year 2019-2020	Fully Covered Rental Units: \$212 per unit Partially Covered Rental Units: \$112 per unit
Fiscal Year 2018-2019	Fully Covered Rental Units: \$207 per unit Partially Covered Rental Units: \$100 per unit Governmentally Subsidized Rental Units: \$50 per unit
Fiscal Year 2016-2018	Fully Covered Rental Units: \$145 per unit Partially Covered Rental Units: \$145 per unit

*Partially Covered Rental Units includes Governmentally-Subsidized Rental Units

Importance of Enrollment, Tenancy Registration and Payment of the Rental Housing Fee

- **Compliance is Required for Rent Increases or Evictions**

An important reason for enrolling, registering tenancies, and paying the Rental Housing Fee, is that failure to substantially comply with the applicable sections of the Rent Ordinance may prevent the Landlord from raising rents (e.g. taking AGAs) and may be an affirmative defense to an eviction lawsuit.

- **Increases Compliance**

Submitting information about rent and housing services improves compliance with the Rent Ordinance by making lawful rent levels transparent to both Landlord and Tenant. Registration is required for each new tenancy (or upon turnover of all original occupants).

- **Supports the Rent Adjustment Petition Process**

Tenancy Registration provides the Hearing Examiner with data on lawful Maximum Allowable Rent levels for units under consideration for rent adjustments. Provides Base Year rent data for rent-controlled units.

- **Bolsters Outreach Opportunities**

In the near future, Tenants and Landlords will receive an annual notice of Maximum Allowable Rent(s) and a "Guide to Rent Control in Richmond," notifying them of vital information about their rights and responsibilities.

- **Improves the Fee Study and Billing Accuracy**

Enrollment improves the accuracy of the Rent Program's inventory of rental units and its annual fee study. Landlords are required to enroll rental units and update the status of rental properties (for example, if a unit is now owner occupied or if a Section 8 tenant moves out and a rent-controlled Tenant moves in).



**Claim an Exempt or Inapplicable
Status**

Purchase a Rental *BUT* the Owner Plans to Move In

If a new owner purchases a rental property in the City of Richmond and intends to occupy the unit as their primary residence, they must comply with the Richmond Rent Ordinance requirements (see slides 9-11). There are several options an owner must comply with Rent Program requirements:

Scenario #1: Tenant(s) occupy the unit, but the new owner intends to move-in and occupy the unit as their primary residence:

The owner would first comply with the Rent Ordinance requirements and may consider filing an Owner Move-In Eviction (“OMI”). An OMI is a “Just Cause to Evict” and requires [Permanent Relocation Payments](#) to the Tenants.

For more information regarding the [Owner Move-In process](#) visit our web page.

Scenario #2: The unit is vacant, but there is a rental history on the property:

In this scenario the owner has options to claim an exempt or inapplicable status on the property but depends on the reason. An owner may complete an Administrative Determination Form if they are claiming that a unit/property is no longer applicable to the Rent Ordinance because it is no longer rented and is instead occupied by the property owner as their primary residence.

For more information on how to [Claim an Exempt or Inapplicable Status](#) visit our web page.



Potential Buyer/New Owner Check-List

Richmond Rent Program Compliance Checklist

I have submitted a Property Enrollment form for my rental property to the Richmond Rent Program

For more information, please visit www.richmondrent.org/enroll

I have submitted Tenancy Registration forms for each of my rental units to the Richmond Rent Program *(only applies to multi-unit dwellings [2+ units] built before February 1, 1995, and are not under any Government Subsidy [Section 8, LIHTC, etc.]*

For more information, please visit www.richmondrent.org/enroll

My Residential Rental Housing Fees for the Richmond Rent Program are paid

For more information, please visit <https://www.ci.richmond.ca.us/3678/Billing>

I have an active Business License

For more information, please contact the Business License Department:

Phone: 510-620-5555

Email: measure_u_info@ci.Richmond.ca.us

Website: <https://www.ci.richmond.ca.us/66/Business-Licenses>

I have reviewed the City of Richmond FY 2023-2024 Fees Applicable to Residential Rental Properties

For more information, please visit <https://www.ci.richmond.ca.us/3679/Fees>

We recommend to contact each City of Richmond department to ensure compliance with any associated fees.

CITY OF RICHMOND

FY 2023-2024 FEES APPLICABLE TO RESIDENTIAL RENTAL PROPERTIES



PROGRAM (DEPARTMENT)	AMOUNT	DUE	EXEMPTIONS	CODE CHAPTER
Business License Tax (Finance Department) (510) 620-5555	If own 1-4 units , previous calendar year total gross receipts × 1.081% or 2.880% for 5+ units + \$4.00 fee pursuant to SB 1186	March 1	Please contact Business Tax Division at 510-620-5555 / measure_u_info@ci.richmond.ca.us for possible exemptions or credits.	RMC 7.04
Residential Rental Inspection Program (RRIP) (Community Development Department, Building Division) (510) 690-8260	Registration/Processing Fee \$97.00 <i>Annual for owners of 3 or more units; every 3 yrs. for owners of 1-2 units</i> + Initial Inspection Fee (per unit, every 3yrs): \$194.00 Re-inspection Fee (per unit) \$83.00	Varies	Rental housing units that are subsidized by federal, state, or local government. Newly constructed residential rental units for a period of five years from the date of construction	RMC 6.40
Fire Prevention Services Fee (Fire Department) (510) 307-8031	Annual Fire Inspection Fee: 3-5 units: \$156 6-15 units: \$253 16-99 units: \$368 100-249 units: \$744 250-499 units: \$1,180 500+ units: \$3,375	Within 30 days of billing	Single family homes and duplexes	Fire Prevention Master Fee Schedule
Residential Rental Housing Fee Rent Control/Just Cause for Eviction (Rent Program) 510-234-RENT (7368)	Fully Covered Rental Units \$220 per unit Partially Covered & Governmentally Subsidized Rental Units \$125 per unit <i>(Through 06/30/2024)</i>	Within 35 days of billing <i>Escalating late fees added after 30 days:</i> 1-30 days late: 10% 31-60 days late: 25% > 60 days late: 50%	Permitted small second dwelling units where property owner lives in first, larger, single-family home. Rental properties where landlord lives with tenants as primary residence and shares kitchen or bathroom with tenants. Nonprofit homes for Seniors <i>(Additional exemptions may apply – See RMC 11.100.030(d))</i>	RMC 11.100



Rent Program Fees

City of Richmond

FY 2023-2024 Fees Applicable to Residential Rental Properties

This document is intended to be a resource for residential rental property owners. Please note these fees are approved as of July 2023 and are subject to change without notice. updated: July 13, 2023

THANK YOU!

Questions?

Contact the Richmond Rent Program

(510) 234-RENT (7368)

rent@ci.richmond.ca.us

Or visit our website at:

www.richmondrent.org