

RENT PROGRAM ANNUAL REPORT



JULY 1, 2020 – JUNE 30, 2021



www.alamedarentprogram.org

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INTRODUCTION



The Housing Authority of the City of Alameda is pleased to submit the fifth annual report for the Rent Program.

This report was prepared as provided in Ordinance No. 3250. The document and public services described throughout would not be possible without the efforts of the following individuals:

CITY COUNCIL

- Marilyn Ezzy Ashcraft, Mayor
- John Knox White, Vice Mayor
- Tony Daysog, Councilmember
- Trish Herrera Spencer, Councilmember
- Malia Vella, Councilmember

HOUSING AUTHORITY OF THE CITY OF ALAMEDA BOARD OF COMMISSIONERS

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HOUSING AUTHORITY OF THE CITY OF ALAMEDA STAFF

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- Greg Kats, Rent Program Director
- Bill Chapin, Rent Program Management Analyst
- Ryan Halpern, Rent Program Specialist
- Clara Shan, Rent Program Specialist
- Sarah Le, Rent Program Assistant

CITY OF ALAMEDA STAFF

- Eric Levitt, City Manager
- Annie To, Finance Director
- Lisa Maxwell, Community Development Director
- Lisa Fitts, Community Development Program Manager
- Yibin Shen, City Attorney
- John Lê, Assistant City Attorney
- Elizabeth Martinez, Paralegal, City Attorney's Office

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2020-2021 PROGRAM HIGHLIGHTS

- First full fiscal year under revised Rent Ordinance.
- Completed first collection of annual program fee using online payment portal.
- First annual notices mailed to landlords and tenants providing the Maximum Allowable Rent for units subject to rent control.
- Launched petition process, allowing landlords and tenants to seek rent adjustments through an informal hearing process.
- Created tenant accounts in the Rent Registry, allowing for online filing of informal hearing petitions and requests for staff review.
- Coordinated with the City Attorney’s Office to communicate information on changes to tenant protections during COVID-19 pandemic.
- Made changes to program procedures based on nine new administrative regulations signed in November and December 2020.

In an average month, program staff responded to 739 inquiries—the most in the program’s history—made by 468 individuals, a **threefold increase** since FY 2017-2018.

Almost **\$50,000 was refunded** to **120 tenants** following invalid rent increases, most identified via rental unit registration and requiring no action on the part of the tenant.

Since FY 2017-2018 there has been an **87% decrease** in households displaced by “no fault” evictions through elimination of “No Cause” as grounds and a moratorium on Owner Move-Ins.

147

- Submissions to review rent increases and/or registration

40

- Petitions filed for rent adjustment

19

- Termination of tenancy submissions

21

- Buyout agreement submissions

6

- Temporary relocation submissions

1

- Capital Improvement Plan submission

68

- Units monitored for compliance after “no fault” termination

10

- Referrals for enforcement

15

- Public records requests

11

- Decisions by hearing officers (5 pending as of 6/30/2021)

ALAMEDA RENTAL MARKET

14,061 UNITS SUBJECT TO ORDINANCE No. 3250 (as of June 30, 2021)

Fully Regulated Units

12,174 | 87%

REGULATION TYPE:

Subject to all provisions of Ordinance No. 3250

UNIT TYPE:

Multi-family units (two or more dwelling units, even if a property owner lives in one of the units) built prior to February 1, 1995.

Partially Regulated Units

1,887 | 13%

REGULATION TYPE:

Subject to Ordinance No. 3250 provisions governing terminations of tenancy, payment of relocation fees, and rental unit registration. Exempt from the rent regulation provisions.

UNIT TYPE:

Single-family homes, condominiums, a permitted accessory dwelling unit on the same lot as a single-family home, units occupied by a Housing Choice Voucher (Section 8) participant not owned by the Housing Authority or a non-profit organization, multi-family units built after February 1, 1995.

Exempt Units

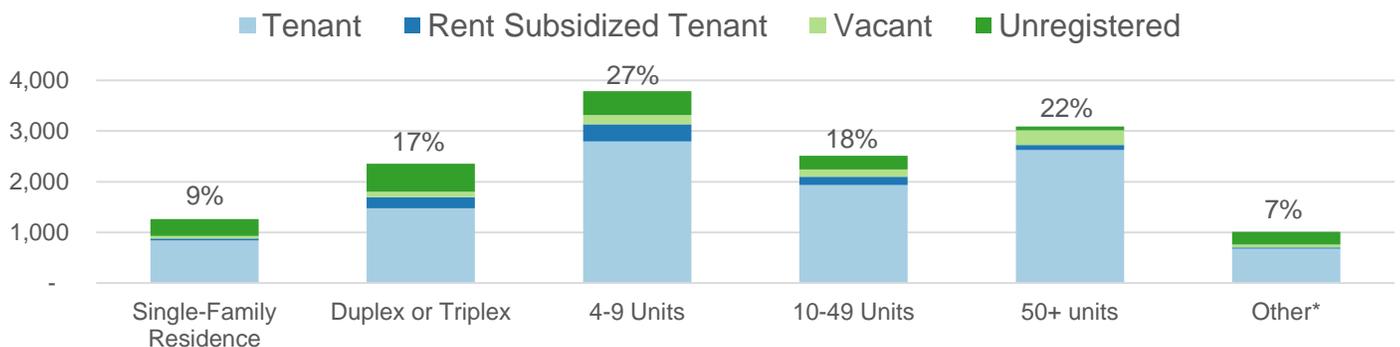
REGULATION TYPE:

Not subject to Ordinance No. 3250

UNIT TYPE:

Commercial units, institutions, mobile homes, houseboats, accommodations of 30 days or less, rental units owned by the Housing Authority or a non-profit organization with a rent regulatory agreement in place.

Number of Rental Units by Building Type



*Includes condominiums, townhouses, ADUs, and residential units in mixed-use buildings.

**As of June 30, 2021

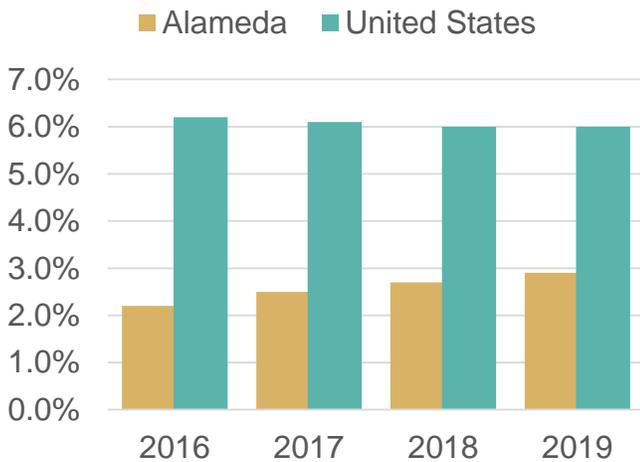
Data sourced from rental unit registration with the Alameda Rent Program.

Note, approximately 86% of units in the rental market have been registered as of June 30, 2021.

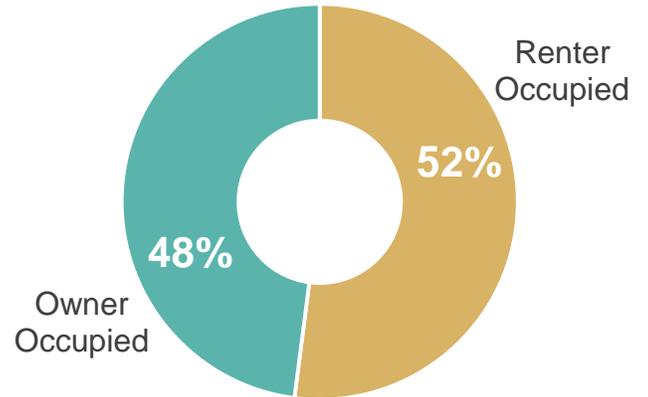
Unregistered units are assumed to be subject to Ordinance No. 3250.

RENTAL MARKET TRENDS

Rental Vacancy Rate

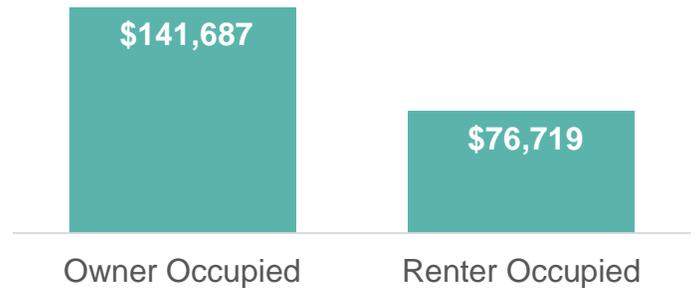


Occupied Housing Units



42% of tenant households spend 30% or more of income on rent

Median Household Income



Source: U.S. 2019 American Community Survey Five-Year Estimates

Multi-Unit Property Sales



The number of multi-unit properties sold in Alameda has fluctuated between 45 and 79 annually since 2015. The number of units represented by those sales can vary widely with the sale of just a few large rental properties. The increase from 2019 to 2020 can largely be attributed to the sale of a single property with 186 units.

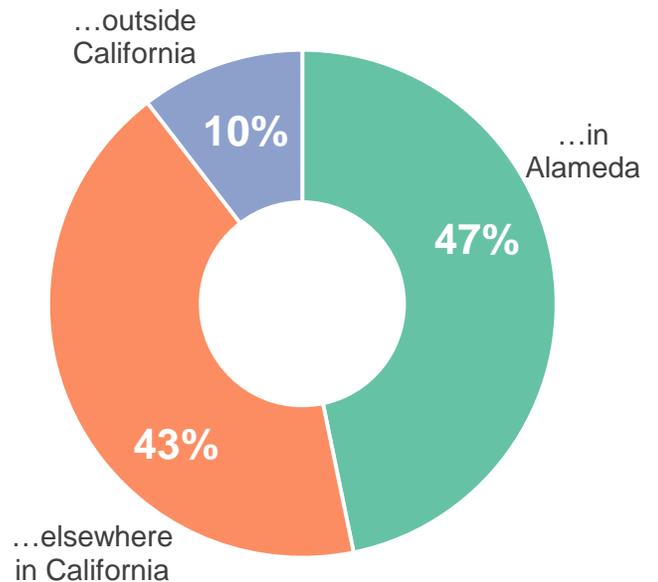
Source: Alameda County Assessor

Median Monthly Rent by Number of Bedrooms



Landlord Addresses

Rental units owned by landlords with addresses ...



Registered Tenant-Occupied Units (includes Rent-Subsidized Tenants)

	FY19-20	FY20-21	% Change
Single-Family Homes (includes ADUs)	862	893	3.6%
Condos/Townhouses	466	467	0.2%
Multi-Unit (includes mixed-use buildings)	9,254	9,888	6.9%
TOTAL:	10,582	11,248	6.3%

The number of tenant-occupied units is affected by landlords registering previously unregistered properties, as well as when units are added or removed from the rental market.

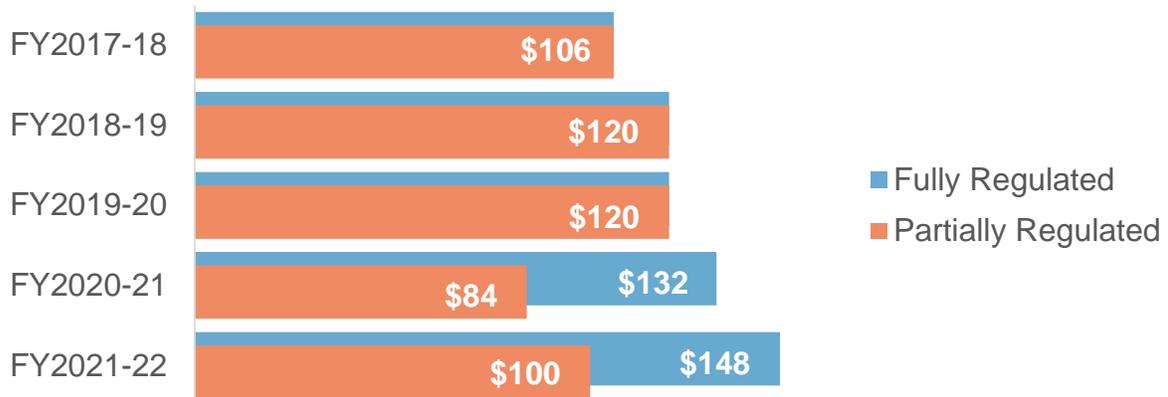
Data based on registration information submitted by landlords and verified for fully regulated units through the FY2020-2021 Maximum Allowable Rent certification process.

ANNUAL PROGRAM FEE

An annual program fee is charged to landlords who own units subject to the Rent Ordinance. Since 2020, the Alameda City Council has adopted a tiered fee structure with reduced fees for partially regulated units. In addition, the City of Alameda covers the entire fee for privately owned units occupied by a Housing Choice Voucher (Section 8) participant, as an incentive to encourage landlords to rent to voucher holders.

Beginning with FY 2020-2021, landlords have been permitted to pass half of the program fee on to tenants in 12 equal installments.

Fee Amounts Per Unit

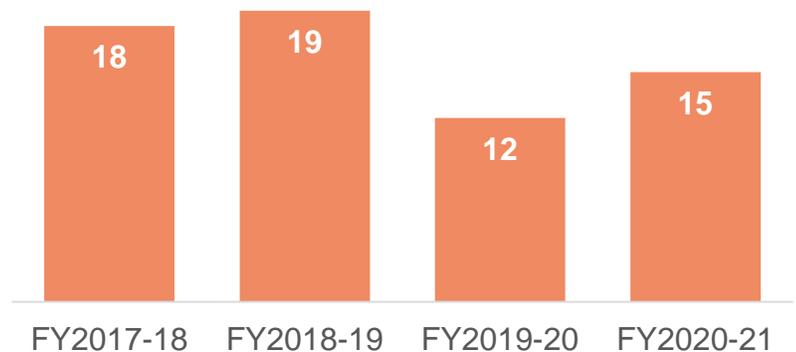


PUBLIC RECORDS REQUESTS

Landlords, tenants and members of the public may request non-exempt rent registry information under the California Public Records Act. Per State law, tenant information in the Rent Registry is considered “confidential” and is exempt from disclosure under the California Public Records Act.

In FY 2020-2021, the Rent Program received and responded to 15 requests for public records.

Requests Recieved by Year



RENTAL UNIT REGISTRATION

In January 2020, the online Rent Registry was launched to allow owners and property managers to submit rental unit information to meet requirements set forth in the Alameda Municipal Code, Section 6-58.55. A landlord who has failed to register a rental unit is not eligible to increase the rent and may be subject to an enforcement action leading to fines and penalties.

Landlords must update their registration information if there is a change in a tenancy, a unit that was vacant is rented, or if ownership of the rental unit changes.

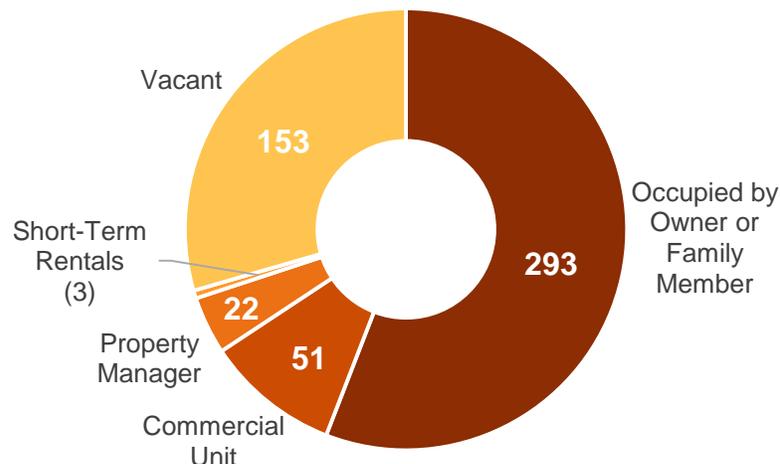
Open registration concluded in May 2020, but program staff continues to work with landlords to update information and process late registration submissions.

As of June 30, 2021:

- 83% of rental properties had been registered
- 88% of total rental units had been registered

During FY 2020-2021, landlords submitted 527 requests to exempt an individual rental unit from the annual program fee, of which 519 were approved. A unit may be approved for an exemption because it is occupied by the owner, a family member who pays no rent, or an on-site property manager who pays reduced rent; is a non-residential, commercial unit; is rented short-term to guests for 30 days or less; or will remain vacant for the entire fiscal year.

Approved Unit Fee Exemptions



Another 383 submissions declared that an entire property was exempt from Ordinance No. 3250 because it has no residential rental units.

COMMUNITY ENGAGEMENT

Workshops

All in-person events, including the Rent Program’s twice monthly informational workshops, were canceled due to the COVID-19 pandemic. In May 2021, staff began offering workshops online. During the final three months of FY 2020-2021, a total of 64 individuals participated in an online workshop.

Individual Service

Program staff answer questions and provide services to the public through the program website and responding to phone and email inquiries. In-person appointment were not offered for the entirety of FY 2020-2021 due to the COVID-19 pandemic, but resumed in July 2021. Over the course of the year, staff had a total of 8,872 interactions with 5,620 individuals, the most in the program’s history.

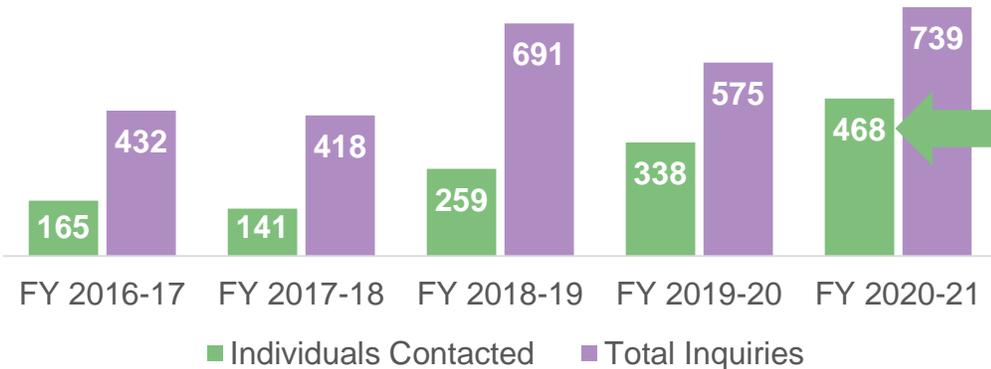
1,516
Average monthly website users

2,351
Average monthly website visits

7
Email newsletters sent to subscribers

2,985
Newsletter subscribers as of June 2021

Average Monthly Public Inquiries



The number of individuals requesting program services has more than tripled since FY 2017-2018.

City of Alameda Outreach

On April 22, 2021, the City of Alameda, in partnership with the City Attorney’s Office and the Rent Program, convened a panel of experts and staff members for an inaugural Fair Housing Seminar, to educate landlords and tenants on matters related to rent control and fair housing. It is expected that the seminar will be an annual event.

The City has maintained a page of resources for tenants during the COVID-19 pandemic on its website that includes information on Urgency Ordinance No. 3275 and emergency rental assistance programs. In addition, the City Attorney’s Office published 14 informational articles on housing matters during FY 2020-2021.

RENT INCREASES

		Unit Regulation Type	
		Partial	Full
MAXIMUM ALLOWABLE RENT	Rent can only be increased by: 1. The Annual General Adjustment (AGA) 2. Landlord petition	X	✓
FREQUENCY	One increase is allowed in any 12-month period	✓	✓
RELOCATION RENT INCREASE	Owed when rent is increased above 10% and tenant chooses to vacate within 90 days of notice	✓	✓



Rent Regulations for Fully Regulated Units

Fully Regulated Units are subject to a cap on the annual amount of a rent increase. Each year, the rent may only increase by the Annual General Adjustment (AGA), calculated at 70% of the percentage change in the Consumer Price Index for the 12-month period ending April of each year; provided, however, in no event will the Annual General Adjustment be more than 5% nor less than 1%.

- 2021 AGA: 2.7% - Effective September 1, 2021 - August 31, 2022
- 2020 AGA: 1.0% - Effective September 1, 2020 - August 31, 2021
- 2019 AGA: 2.8% - Effective September 1, 2019 - August 31, 2020

A moratorium on rent increases at fully regulated units has been in place since April 2020. Passed in response to the COVID-19 pandemic as part of Urgency Ordinance No. 3275, the rent freeze will remain in effect until 60 days after the City Council rescinds its declaration of local emergency.

Ordinance No. 3250 establishes “base rent” as the rent charged on September 1, 2019, or the rent charged on the first date of tenancy if the tenancy starts after September 1, 2019. The Maximum Allowable Rent (MAR) is the “base rent” increased by the AGA. The actual rent, however, may be less than the MAR if the rent has not been increased by the AGA and the unused portion is “banked.”

Beginning in October 2020, the Rent Program issued letters to all landlords and tenants of fully regulated units in the City of Alameda, stating the MAR for each unit and providing a deadline to contest information in the letter.

PETITIONS, APPEALS & HEARINGS

A landlords or tenant may file a petition for a rent-adjustment hearing or to appeal a determination by the Rent Program Administrator. Petitions and appeals are heard by hearing officers who issue binding decisions, subject to judicial review. The petitioning party always has the burden of proof.

Landlord Petitions

A landlord may petition for an upward adjustment to the Maximum Allowable Rent if the landlord believes an increase is necessary to provide a fair rate of return.

Tenant Petitions

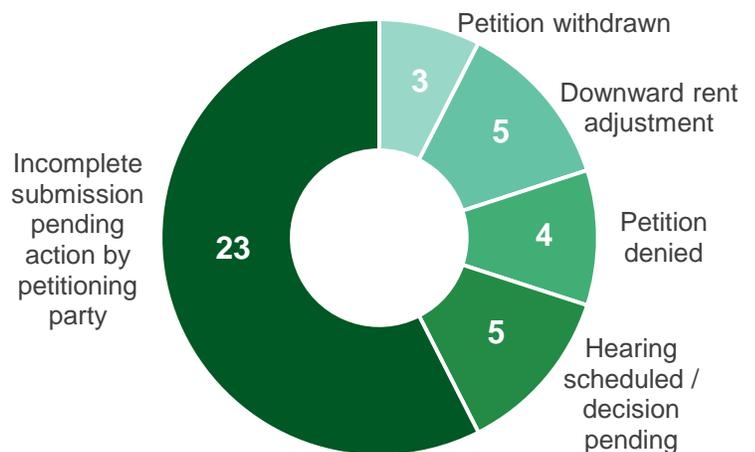
A tenant may request a reduction in the rent if they can show:

- There has been a reduction in housing services, living space, or amenities, such as loss of parking or the availability of laundry facilities on site.
- There has been a substantial deterioration of the rental unit.
- The landlord has failed to comply with housing, health, and safety codes or the City’s rent regulations.

Petition Submissions

Landlord petitions requesting an upward rent adjustment	7
Tenant petitions requesting a downward rent adjustment	33
TOTAL:	40

Submission Outcomes



Appeals of Program Administrator’s Determination

Hearing officers conducted two appeal hearings, both filed by landlords contesting the Rent Program Administrator’s determination regarding whether tenants were owed temporary relocation payments. One hearing involved a single rental unit, while the other hearing considered three tenants displaced from a single rental property. In both cases, the hearing officers denied the appeals and ordered payments made the tenants.

STAFF REVIEW OF RENTS

Rent Program staff conduct reviews of registration information and rent-increase notices based on requests from tenants and landlords or when the registration process indicates a violation has occurred. Staff works with landlords to correct any registration errors. When a rent violation is identified, staff directs the landlord to reset the rent and refund any overpayment to the tenant. If the tenant received an invalid notice that is not yet effective, staff directs the landlord to rescind the notice.

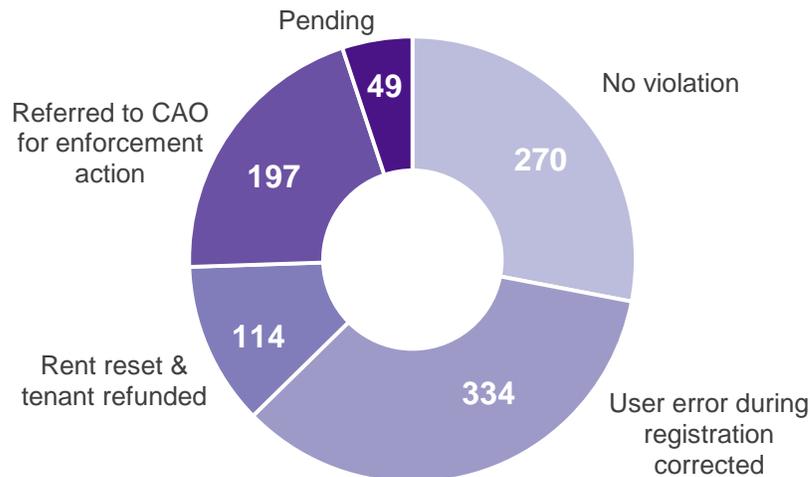


Registration Errors and Invalid Rent Increases

During FY 2020-2021, program staff reviewed 964 cases in which registration information submitted by the landlord indicated at least one of the following:

- A rent increase exceeding the Annual General Adjustment (AGA)
- Reported current rent exceeds the Maximum Allowable Rent (MAR)
- A rent increase within one year of move-in
- A rent increase with an effective date after April 22, 2020, in violation of the COVID-19 urgency ordinance
- Reported base rent exceeding the current rent

Review Outcomes

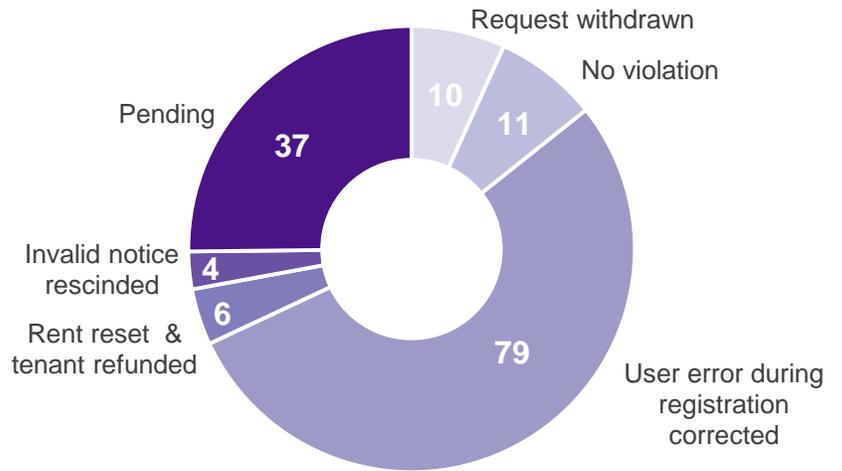


Requests for Staff Review

Tenants may request that Rent Program staff review previous or pending rent increases to determine if they complied with the City’s regulations. Tenants may also contest the base rent (and/or the housing services included with the base rent) that the landlord reported when registering the unit. In addition, landlords or tenants may request a review of the calculation of the MAR.

Landlord-initiated requests	28
Tenant-initiated requests	119
TOTAL:	147

Submission Outcomes



TERMINATIONS OF TENANCY

For Cause Grounds

No relocation payment is required, and no reporting is required with the Rent Program.

- Non-payment of rent
- Breach of the lease
- Failure to give access
- Nuisance

No Fault Grounds

Relocation payment is required, and restrictions are placed on the rent and/or the occupancy/use of the unit.

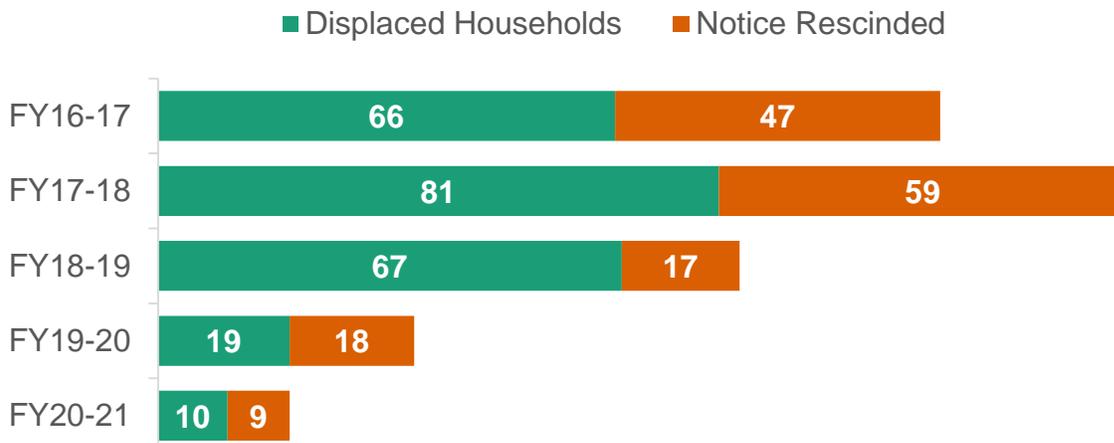
- Owner move-in
- Capital Improvement Plan (CIP)
- Demolition
- Withdrawal permanently from the rental market
- Compliance with a governmental order

The Rent Program received a total of 19 submissions for no-fault terminations of tenancy. Of these, 9 notices were rescinded, primarily due to deficiencies in the notice. The remaining 10 submissions represent an 87 percent reduction in displaced households from the peak in FY 2017-2018.

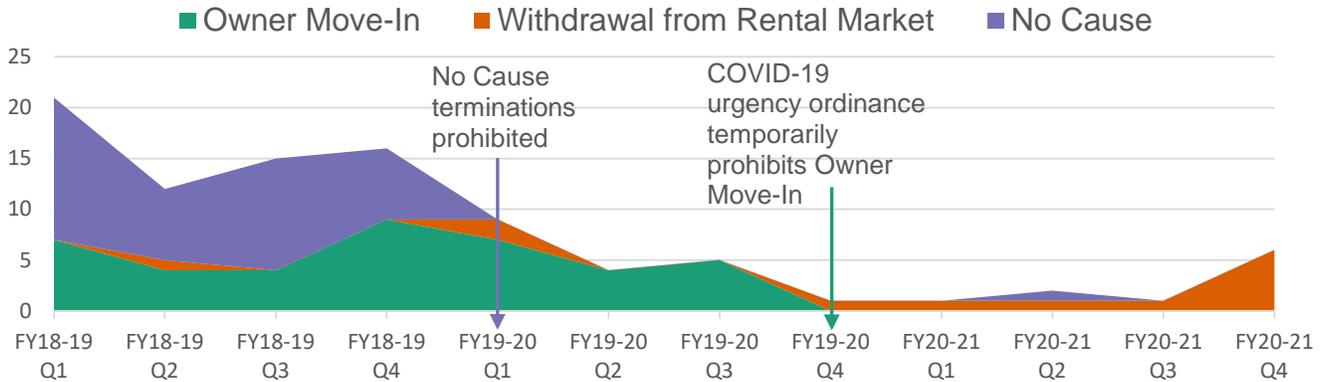
87%
Reduction in
displaced households
since FY 2017-18

On April 21, 2020, the City Council adopted an urgency ordinance that, as a practical matter, restricts landlords from taking action to terminate a tenancy based on non-payment of rent due to a tenant’s substantial loss of income stemming for the COVID-19 pandemic, and expressly prohibits a landlord to terminate a tenancy based on an Owner Move-In or an approved Capital Improvement Plan. This moratorium remained in place for the entirety of FY 2020-2021. As a result, there have been no valid terminations based on Owner Move-In since February 2020.

Termination of Tenancy Submissions by Fiscal Year



Quarterly No-Fault Terminations of Tenancy FY2018-2019 to FY2020-2021



Relocation Payments

Tenants are owed a relocation assistance payment when they are not at-fault for the termination of tenancy. FY 2020-2021 marks the first full year that the current system for calculating relocation payments has been in effect.

Effective September 2019, Ordinance No. 3250 bases the amount of the payment on the federal government’s estimate of the regional Fair Market Rent for a unit with the same number of bedrooms. In addition, certain tenant households are entitled to a larger payment, namely those that have a tenant who a) is a senior adult, b) is a person with a disability, or c) has at least one child under the age of 18 residing in the household. Under the previous Rent Ordinance, payment was based on the tenant’s current rent and length of tenancy.

One termination in Q2 was invalid because the landlord did not state the grounds for termination in the notice; however, the tenants already relocated and received the required payment, and the rent for the next tenancy in the unit will be restricted.

Average Relocation Payment



By City Council resolution, relocation payment amounts are updated annually based on a component of the Consumer Price Index. This resulted in a 2.7% adjustment for FY 2020-2021. Overall, the average payment increased by 4.2% compared to FY 2019-2020.

BUYOUT AGREEMENTS

A buyout agreement is a written agreement between a landlord and a tenant, by which a tenant agrees to vacate a rental unit, usually in return for money. Ordinance No. 3250 affords certain protections to tenants who are offered buyout agreements, including the ability to rescind an agreement up to 30 days after signing.

Buyout agreements must be filed with the Rent Program. Staff reviews submissions to ensure that tenants have been advised of their rights. An agreement that does not satisfy all requirements of the Rent Ordinance is not valid, and the tenant may rescind an invalid agreement at any time.

21
Buyout agreement
submissions

The Rent Program received 21 buyout agreement submissions, all of which met the requirements of Ordinance No. 3250. The average payment amount was \$20,983, a 77% increase compared to FY 2019-2020. For comparison's sake, this average payment is nearly \$11,000 more than the average relocation payment required by Ordinance No. 3250, if those same tenants had instead been served with a no-fault termination of tenancy.

MONITORING OF UNITS FOLLOWING NO FAULT TERMINATIONS OF TENANCY

Certain restrictions are imposed on landlords following a “no fault” terminations of tenancy. These restrictions apply regardless of a change in ownership. On an annual basis, staff initiates monitoring of the unit to verify compliance with the restrictions, i.e. that residency requirements are met following terminations based on owner move-in; that the unit is not being rented following withdrawal of the unit from the rental market; and, following a “no cause” termination (when those were permitted), that the rent for a new tenant is not more than 5% of the prior rent.

Units Monitored in FY 2020-2021

	No Cause (no longer permitted)	Owner Move-In	Withdrawal from the Rental Market	TOTAL
Met compliance	9	26	2	37
Referred for Enforcement	1	1	0	2
Monitoring Ongoing	4	11	14	29
TOTAL:	14	38	16	68

TEMPORARY RELOCATIONS

Temporary relocation payments are owed when (1) the landlord takes action to terminate a tenancy temporarily; or (2) when the tenant has temporarily vacated the rental unit (a) in compliance with a governmental agency's order to vacate; (b) due to health or safety conditions, as defined; or (c) as part of an approved Capital Improvement Plan.

For the first 60 days after the tenant vacates the rental unit, the landlord must make payments based on per diem rates set by the City Council to reflect local lodging, meal, laundry, and pet boarding expenses. A tenant continues to pay rent to the landlord while receiving these payments.

6**Temporary relocation submissions**

If the tenant remains displaced for longer than 60 days, the payments switch to a "rent differential" model, calculated by subtracting the tenant's rent from a fair market value for a unit with a comparable number of bedrooms. These payments continue until the tenant either re-occupies the rental unit or finds alternative, permanent housing. A tenant does not pay rent to the landlord while receiving a rent differential payment.

SUBMISSIONS

Six temporary relocation cases were submitted to the Rent Program in FY 2020-2021, concerning tenants displaced from three rental properties due to governmental orders to vacate and/or health and safety conditions. All six tenants found alternative, permanent housing:

- In four cases (including three from a single property), tenants received total payments ranging from \$1,795 to \$42,739.
- One tenant received only a portion of the relocation payment owed. This case has been referred to the City Attorney's Office for enforcement action.
- One landlord is seeking judicial review of a hearing officer's decision that \$12,924 is owed to the tenant.

CAPITAL IMPROVEMENTS

If a landlord intends to make substantial capital improvements to a property, the landlord may submit a Capital Improvement Plan to recover from the tenants, over time, the amortized cost of the improvements. The improvements must meet a cost threshold of at least eight times the monthly rent of each unit being improved. In addition, if any tenants must be displaced, even temporarily, because of work associated with capital improvements, the landlord must submit a plan to the Rent Program for approval prior to work commencing; however, landlords are currently prohibited by Urgency Ordinance No. 3275 from taking such action to terminate a tenancy.

1**Capital Improvement Plan submission**

SUBMISSIONS

One Capital Improvement Plan was submitted to the Rent Program in FY 2020-2021. This application was denied because it did not meet the cost threshold requirement. In addition, a plan submitted but not approved in FY 2019-2020 was withdrawn by the landlord because the tenant voluntarily vacated the unit.

ENFORCEMENT FOR VIOLATIONS

When Rent Program staff determines there has been a violation of the Rent Ordinance and is unable to resolve the issue with the violator, program staff refers the matter to the City Attorney’s Office for review. When appropriate, the City Attorney’s Office will undertake enforcement measures.

Failure to Remedy Violations Filed with Rent Program

During FY 2020-2021, the City Attorney’s Office resolved 17 out of the 20 cases referred for failure to resolve violations filed with the Rent Program related to relocation payments, restrictions on a rental unit following a “no fault” termination of tenancy, and staff review of rent increase notices.

	Resolved	Pending	TOTAL
Open cases at beginning of FY 20-21	8	2	10
New referrals	9	1	10
TOTAL	17	3	20

Failure to Remedy Registration Violations

In May 2021, one year after the close of open registration, Rent Program staff provided the City Attorney’s Office with a list of properties that had not been registered or for which the annual fee for FY 2020-2021 remained unpaid, or a combination of the two.

Referrals for Failure to Register and/or Pay the Annual Program Fee

	Registered	Unregistered	TOTAL
Unpaid	52	468	520
Partial payment	7	8	15
Paid but unregistered		391	391
TOTAL	59	867	926

A total of \$195,806 in unpaid fees for FY 2020-2021 remained pending at the time of referral.

The registration process also allowed Rent Program staff to identify units that may have received an invalid rent increase based on information provided by the landlord. Staff were able to resolve 80% of these cases. The unresolved cases were also referred to the City Attorney's Office in May 2021.

Referrals for Failure to Resolve Registration Errors

Rent increase during moratorium	Rent increase within first year of tenancy	Current rent exceeds maximum allowable rent	Registration error (base rent exceeds current rent)	TOTAL
12	46	114	25	197

Response by City Attorney's Office to Direct Contact

The City Attorney's Office also responds to direct contact that it receives, including those related to housing matters in the City of Alameda. In most cases, issues can be resolved with phone calls and referrals. When it identifies violations of City regulations, the Prosecution Unit may decide to initiate enforcement. In FY 2020-2021, the Prosecution Unit took the following actions:

- Simple housing matters resolved by phone: 133
- Housing enforcement matters initiated: 15
- Housing enforcement matters resolved: 10

LOOKING FORWARD

Rent Program priorities and goals for FY 2021-2022:

- Assist with the development of a revised Capital Improvement Policy and present it to the City Council.
- Continue to register residential rental units covered by Ordinance No. 3250 that have not yet been registered.
- Escalate enforcement efforts for non-compliant properties which have either not been registered, have unpaid annual fees due, or have failed to remedy outstanding violations.
- Continue with outreach efforts to landlords and tenants to provide accurate information regarding their rights and responsibilities under new regulations.
- Distribute updated program materials, such as the revised Landlords and Tenant Pocket Guides.

WHERE TO FIND MORE INFO

Online Resources:

www.alamedarentprogram.org



Informational Workshops:

In-person presentations are currently scheduled to resume in October 2021. To register for an upcoming workshop or view video of a previously recorded workshop, visit www.alamedarentprogram.org/Workshops-Clinics.



Contact Information:

Office hours are Monday through Thursday from 8:30 am to 4 pm



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