

RENT PROGRAM ANNUAL REPORT



JULY 1, 2019 – JUNE 30, 2020



www.alamedarentprogram.org

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INTRODUCTION



The Housing Authority of the City of Alameda is pleased to submit the fourth 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
- Jim Oddie, Councilmember
- Malia Vella, Councilmember

HOUSING AUTHORITY OF THE CITY OF ALAMEDA BOARD OF COMMISSIONERS

- Art Kurrasch, Chair
- Kenji Tamaoki, Vice Chair
- Carly Grob, Commissioner
- Bachir Hadid, Commissioner
- Sandra Kay, Commissioner
- Stuart Rickard, Commissioner
- Brad Weinberg, Commissioner

HOUSING AUTHORITY OF THE CITY OF ALAMEDA STAFF

- Vanessa Cooper, Executive Director
- Greg Kats, Rent Program Director
- Bill Chapin, Rent Program Management Analyst
- Jennifer Kauffman, Rent Program Management Analyst
- Angel Nguyen, Rent Program Specialist
- Valerie Yong, Rent Program Specialist
- Sam Columbus, Rent Program Assistant

CITY OF ALAMEDA STAFF

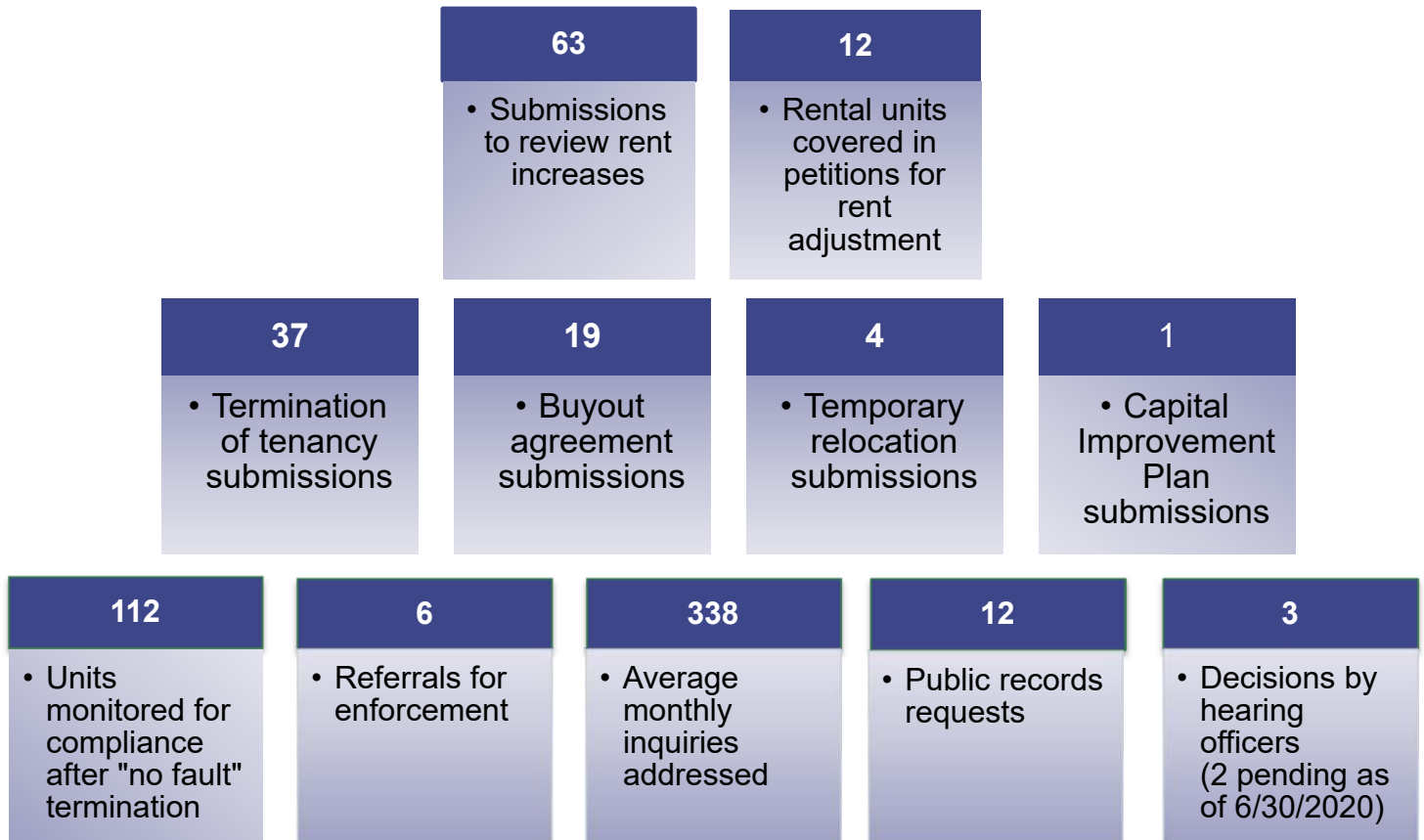
- Eric Levitt, City Manager
- Nancy Bronstein, Acting Finance Director
- Debbie Potter, Community Development Director
- Yibin Shen, City Attorney
- Michael Roush, Chief Assistant City Attorney
- John Lê, Assistant City Attorney

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PROGRAM HIGHLIGHTS

- Eliminated “no cause” as grounds for eviction (July 2019)
- Established cap on annual rent increases for multi-unit properties built prior to February 1995 (August 2019)
- Substantially revised Rent Ordinance (September 2019)
- Launched rental unit registration (January 2020)
- Implemented online payment portal for submission of annual program fees (June 2020)
- Conducted outreach to tenants and landlords about legislative changes throughout the fiscal year
- Adjusted program services to accommodate needs under COVID-19 pandemic and provided information to the public about the Council’s urgency ordinances.
- Continued administrating relocation assistance for displaced tenants



ALAMEDA RENTAL MARKET

14,928 UNITS SUBJECT TO ORDINANCE No. 3250 (as of June 30, 2020)

Fully Regulated Units

12,795 | 86%

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

2,133 | 14%

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

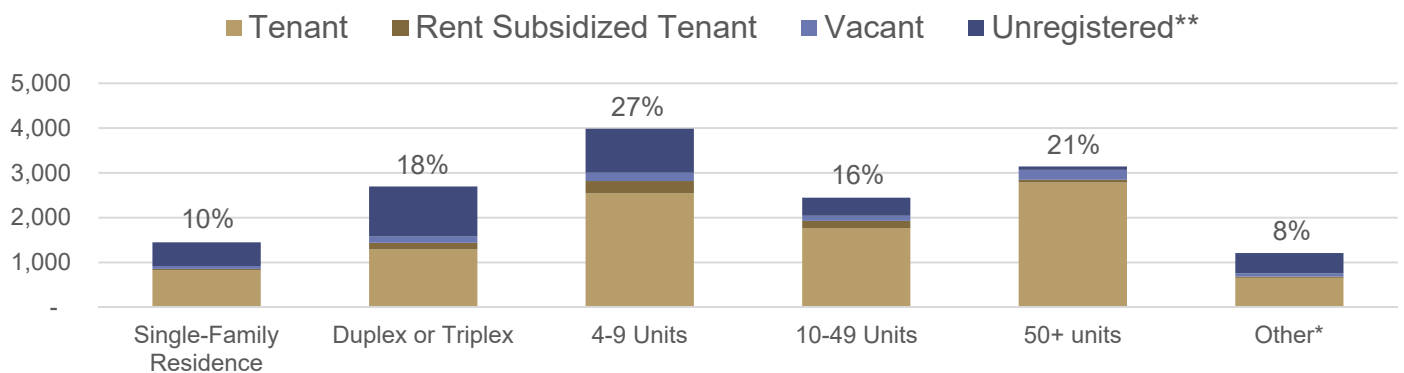
REGULATION TYPE:

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, 2020

Data sourced from FY 2019-2020 rental unit registration with the Alameda Rent Program. Note, approximately 76% of units in the rental market have been registered as of June 30, 2020. Unregistered units are assumed to be subject to Ordinance No. 3250.

RENTAL MARKET TRENDS

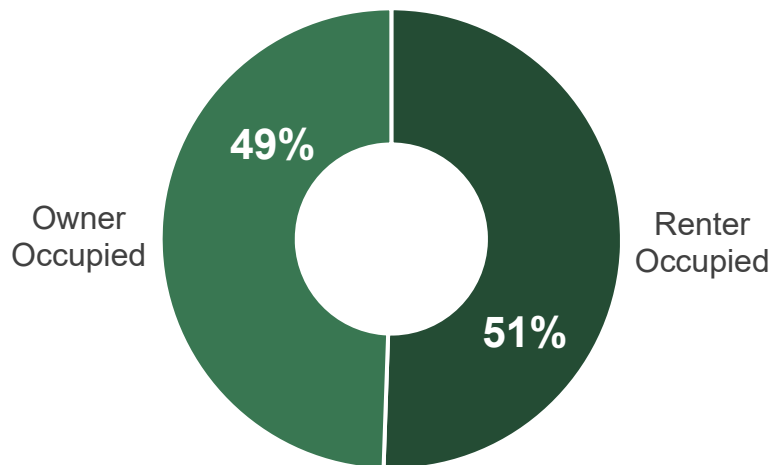
2.9% Rental vacancy rate

\$157,683 Median owner-occupied household income

46% of tenant households spend 30% or more of income on rent

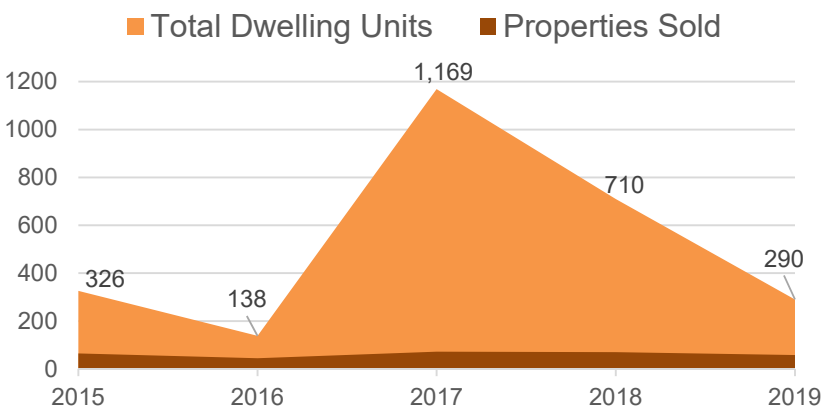
\$76,334 Median tenant-occupied household income

Occupied Housing Units



Source: U.S. 2018 American Community Survey One-Year Estimates

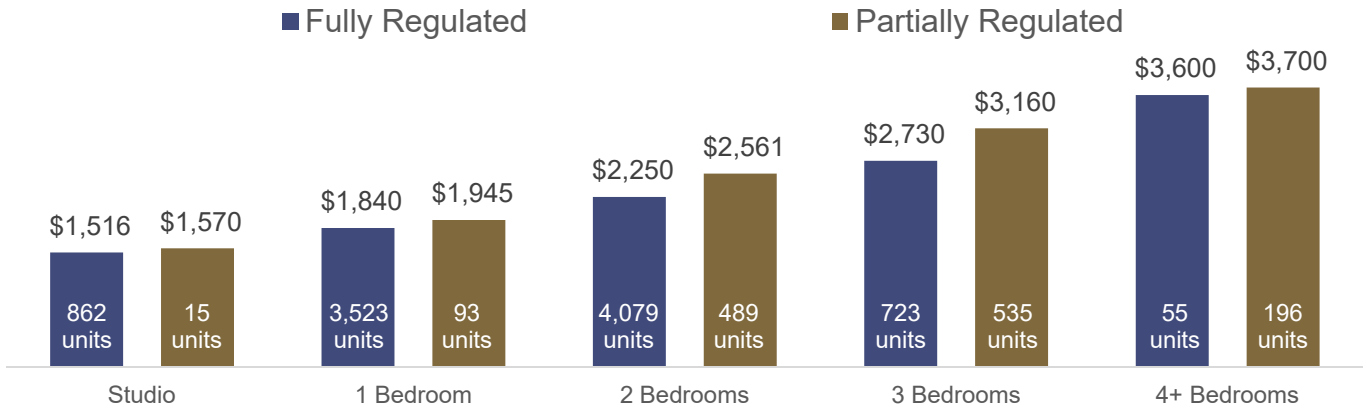
Multi-Unit Property Sales



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—as was the case in 2017, when just three sales accounted for more than 800 units.

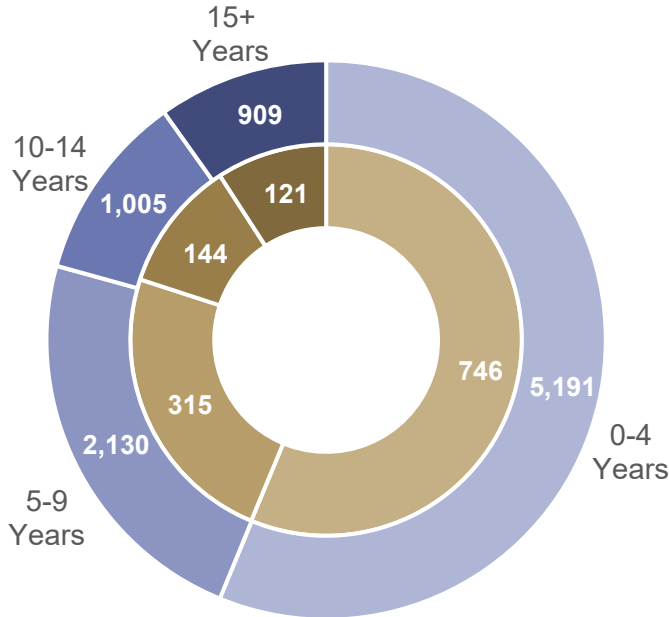
Source: Alameda County Assessor

Median Monthly Rent by Number of Bedrooms



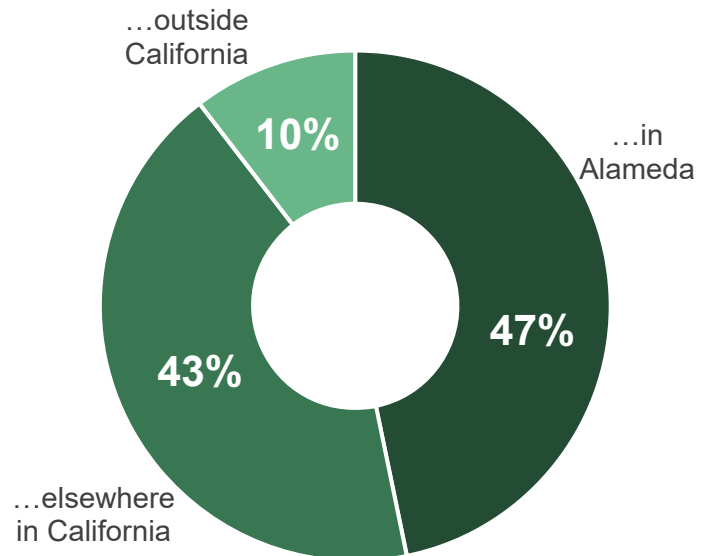
Rental Units by Length of Tenancy

Fully Regulated Units vs. Partially Regulated Units



Landlord Addresses

Rental units owned by landlords with addresses ...



Data sourced from FY 2019-2020 rental unit registration, based on registered information submitted by landlords. In fall of 2020, Alameda Rent Program staff will begin the process of verifying this data with tenants in fully regulated units through the Maximum Allowable Rent certification process.

LEGISLATIVE UPDATE

In the summer and fall of 2019, the City Council adopted several ordinances that revised the City’s rent regulations. Below is a summary of the changes:

- Terminations of tenancy for “no cause” now prohibited;
- Rent increases for most rental units, i.e. fully regulated units, are limited to the Annual General Adjustment (AGA);
- Numerous definitions added regarding which dwelling units are or are not subject to the Rent Ordinance;
- The length of time an owner must reside in the unit following a termination based on owner move-in increased from one year to three years;
- The calculation for permanent relocation payments changed to tie the formula to the U.S. Department of Housing and Urban Development’s Fair Market Rents (FMR);
- Option to trade extra time in the unit for a reduction in relocation payments eliminated;
- A relocation payment is required when a rent increase is more than 10% and the tenant decides to vacate rather than pay the increase (applicable, for example, in a rented single-family residence);
- Buyout agreements now regulated;
- Beginning in FY 2020-2021, landlords are permitted to pass-through to their tenants 50% of the rent program fee in 12 monthly installments;
- Eviction protections extended to Housing Choice Voucher (Section 8) holders; and
- Established requirement to submit a registration statement for each rental unit.

PROGRAM BUDGET

		<u>ANNUAL FEE</u>
FY2017-18	\$1,799,712	-\$120 per unit
FY2018-19	\$1,586,826	-\$106 per unit
FY2019-20	\$1,586,826	-\$106 per unit
FY2020-21	\$1,716,518	-\$132 per Fully Regulated unit -\$84 per Partially Regulated unit*

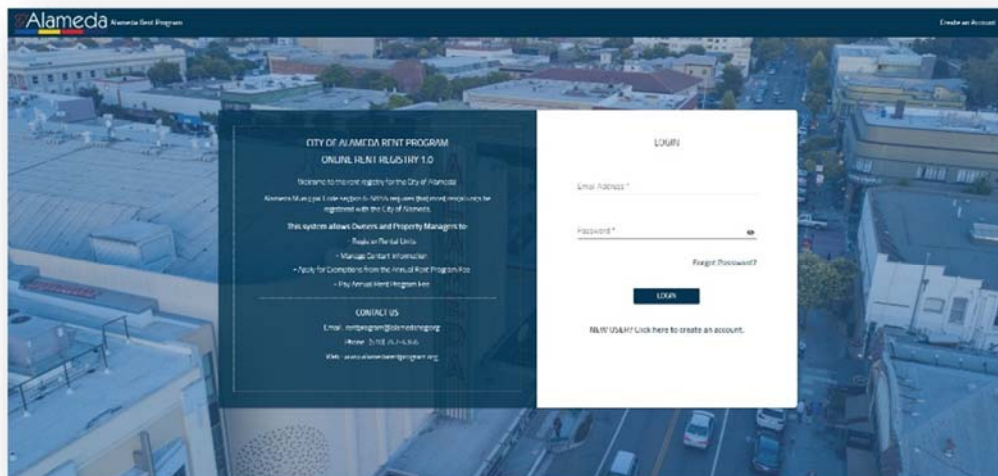
* The City of Alameda is covering the fee for privately owned units occupied by a Housing Choice Voucher (Section 8) participants as an incentive to encourage landlords to rent to voucher holders.

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. If a landlord fails to register a rental unit, the landlord is not eligible to increase the rent and may be subject to an enforcement action leading to fines and penalties.

There is no requirement to submit information annually once initial registration is complete and verified. Landlords must update their registration information only if there is a change in a tenancy, a unit that was vacant is rented, or if ownership of the rental unit changes.

Landlords, tenants and members of the public may request non-exempt rent registry information under the California Public Records Act. Tenant contact information in the Rent Registry is considered confidential and is exempt from disclosure under the California Public Records Act.



As of June 30, 2020:

- 70% of rental properties had been registered
- 76% of total rental units had been registered
- 1,044 exemption requests processed by Rent Program staff

COMMUNITY ENGAGEMENT

Workshops & Clinics

Staff offered monthly educational workshops on rental regulations in the City of Alameda before the COVID-19 shelter-in-place order. In addition, when the Rent Registry went live in January 2020, staff hosted computer lab clinics for landlords to assist individuals with submitting registration through the online system. No in-person workshops or clinics were held in the final three months of FY 2019-2020 due to the pandemic, but staff continued to answer the public's questions and provide landlords with registration assistance by phone and email. Staff also developed videos of educational presentations and registration tutorials that can be viewed on the program website.

160

individuals attended an educational workshop

46

individuals attended a Rent Registry computer lab clinic

Individual Service

Program staff answer questions and provide services to the public through the program website, responding to phone and email inquiries, and, when possible, scheduling in-person appointments. Over the course of the year, staff had a total of 6,904 interactions with 4,052 unduplicated individuals.

2,344Average monthly
website visits**338**Average monthly
unduplicated contacts**575**Average monthly
duplicated contacts

Compared to FY 2018-2019, Rent Program staff assisted more individuals with fewer repeat interactions: The number of unduplicated contacts increased 30% while the number of duplicated contacts decreased 17%.

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%.

2020 AGA: 1.0% - Effective September 1, 2020 - August 31, 2021

2019 AGA: 2.8% - Effective September 1, 2019 - August 31, 2020

Note: Due to the COVID-19 pandemic and effective April 21, 2020, rent increases at fully regulated units are prohibited until January 1, 2021, under Urgency Ordinance No. 3275.

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 allowable rent, however, may be less than the MAR if the rent has not been increased by the AGA and the unused portion is “banked.”

Tenants and landlords will annually receive a letter that states the MAR for their unit. If either the landlord or the tenant disagrees with the MAR determination, the tenant or the landlord may file a petition through the Rent Program objecting to the determination. A hearing officer will make a determination if the case cannot be resolved by staff.

RENT AND RELATED SUBMISSIONS

For fully regulated units, tenants may petition for a downward adjustment in the rent, and landlords may petition for an upward adjustment. Either may submit an appeal of a determination by the Rent Program Administrator. Petitions and appeals are heard by hearing officers who issue binding decisions, subject to judicial review.

In addition, tenants may also request a staff review of rent increases to determine if such increases complied with the current or prior ordinances.

Landlord Petitions/Appeals

A landlord may petition for an upward adjustment in the Maximum Allowable Rent if the landlord believes an increase is necessary to provide a fair rate of return. A landlord may also appeal a determination by the Rent Program Administrator concerning other matters under the Ordinance, such as whether the Ordinance applies to a particular dwelling unit. In these cases, the landlord has the burden of proof.

Tenant Petitions/Appeals

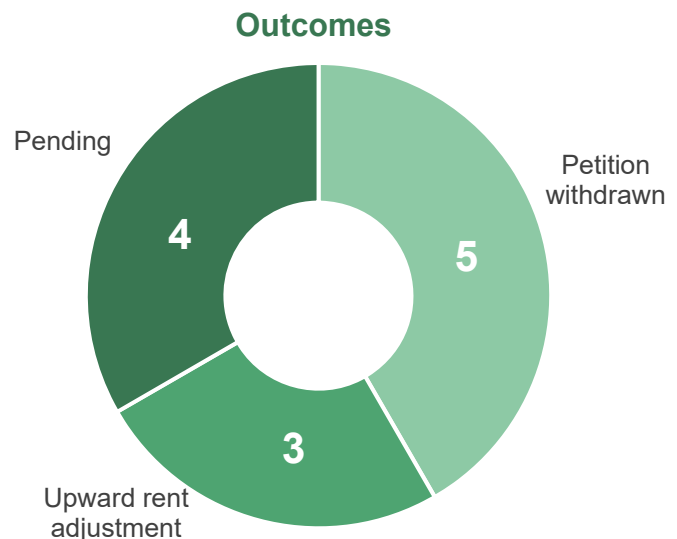
A tenant may request a reduction in the rent when the tenant believes either of the following:

- 1) The rent has been miscalculated. For example, the landlord has incorrectly reported the base rent for the unit or has not calculated the MAR correctly;
- 2) There has been a reduction in housing services, such as loss of parking or the availability of laundry facilities on site, etc.

A tenant may also appeal a determination by the Rent Program Administrator concerning other matters under the Ordinance, such as whether a tenant who has been displaced is entitled to relocation payments. In these cases, the tenant has the burden of proof.

Petition Submissions (September 2019 - June 2020)

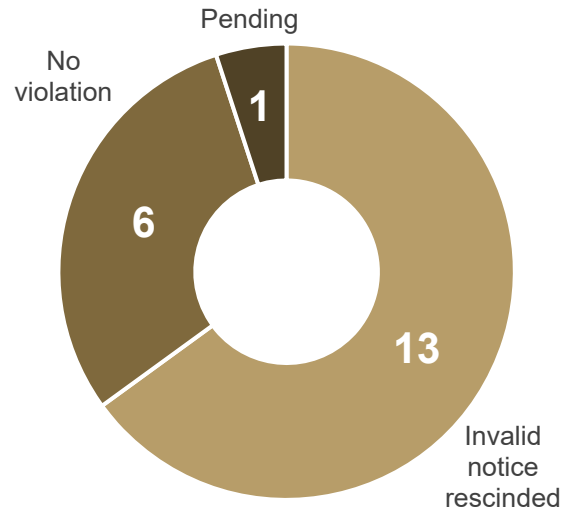
Number of units in landlord petitions requesting an upward rent adjustment	4
Number of units in tenant petitions requesting a downward rent adjustment	8
TOTAL:	12



Requests for Staff Review

The Rent Program received 20 submissions from tenants requesting a staff review of current or past rent increases. Submissions for this type of review slowed considerably in the final months of FY2019-2020, due to the adoption in April 2020 of Urgency Ordinance No. 3275, which prohibits rent increases for fully regulated units through the end of 2020.

Staff Review Outcomes (Sept. 2019 - June 2020)



Previous Process: Rent Review Advisory Committee

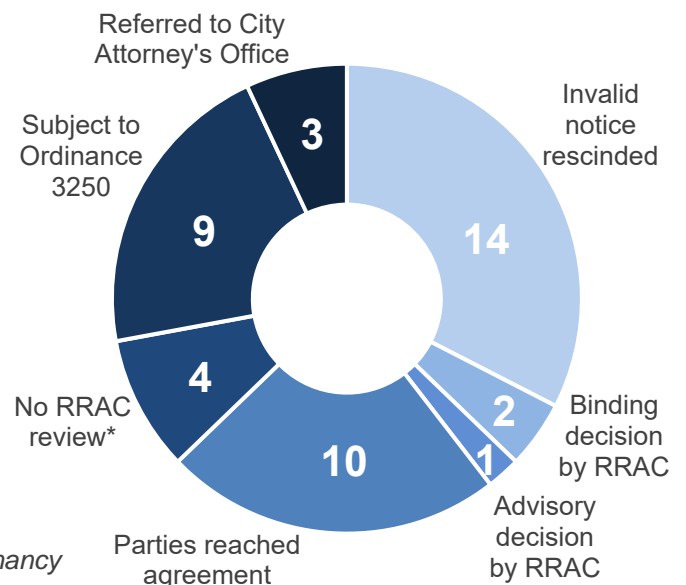
Prior to the passage of Ordinance No. 3250, all rent increases above 5% were subject to a mandatory review by the Rent Review Advisory Committee (RRAC). In addition, tenants could request an optional review by the RRAC for a rent increase at or below 5%. Depending on the type of rental unit and the size of the rent increase, the RRAC had the authority to issue a binding or a non-binding decision.

During FY 2019-2020, the RRAC convened five times in July, August, and September 2019. Of the 43 requests for RRAC review filed with the Rent Program, nine were for rent increases that had effective dates after September 1, 2020, and therefore were subject to the rent increase limitations of Ordinance No. 3250 and not to review by the RRAC.

Requests for RRAC Review (July 2019 - September 2020)

	Size of Rent Increase			TOTAL
	0 - 5%	>5 - 10%	>10%	
Landlord Submission	2	15	7	24
Tenant Submission	11	3	5	19
TOTAL:	13	18	12	43

Outcomes



*Reasons for the RRAC not reviewing notices include: tenancy was not subject to regulation, tenant withdrew request for hearing, tenant did not attend hearing, or tenant vacated the unit.

TERMINATIONS OF TENANCY

For Cause Grounds

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

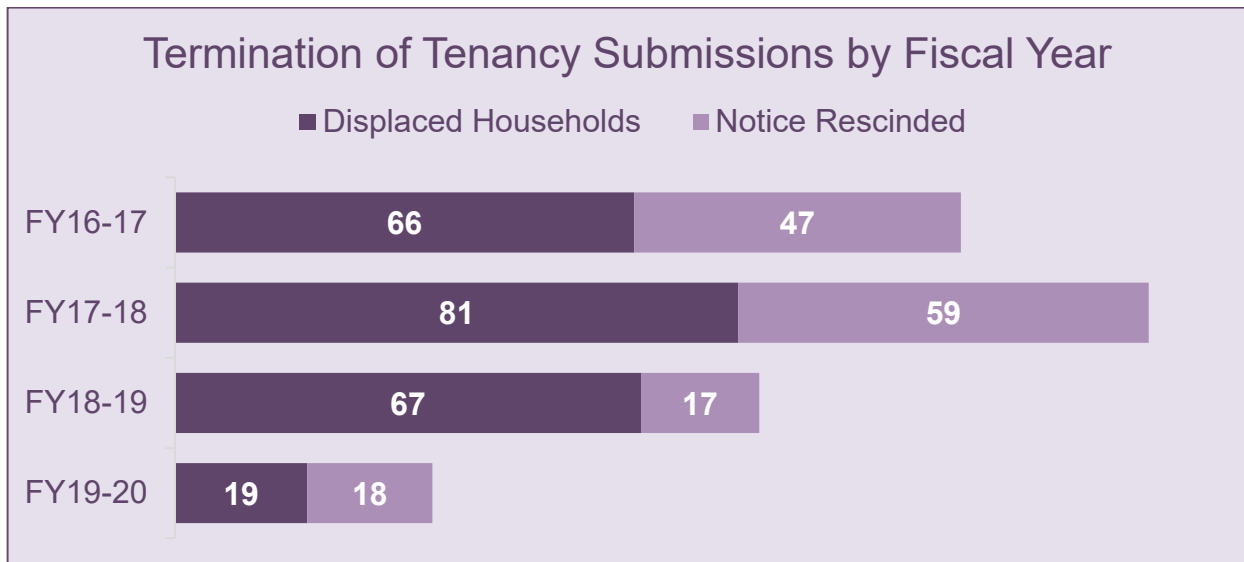
- Non-payment of rent
- Breach of the lease
- Failure to give access
- Nuisance

No Fault Grounds

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

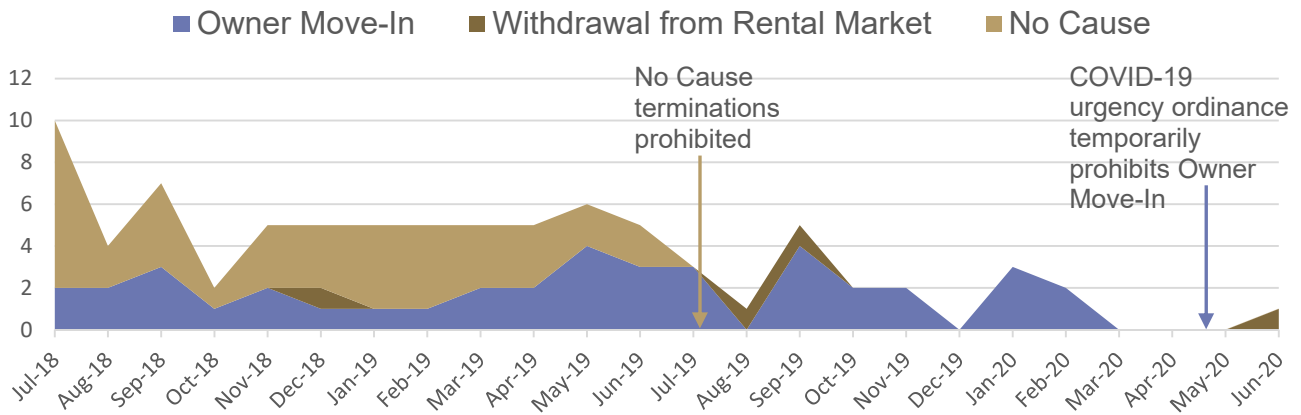
- Owner move-in
- Capital Improvement Plan (CIP)
- Demolition
- Withdrawal permanently from the rental market
- Compliance with a governmental order

The Rent Program received a total of 37 submissions for no-fault terminations of tenancy. Of these, 18 notices were rescinded, primarily due to deficiencies in the notice. The remaining 19 submissions represent a 72 percent reduction in the number of displaced households compared to the previous fiscal year.



City Council action placed new restrictions on no-fault terminations. Effective July 5, 2019, landlords were no longer able to use “No Cause” as grounds for terminating a tenancy. On April 21, 2020, the City Council adopted an urgency ordinance that, as a practical matter, prohibits 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.

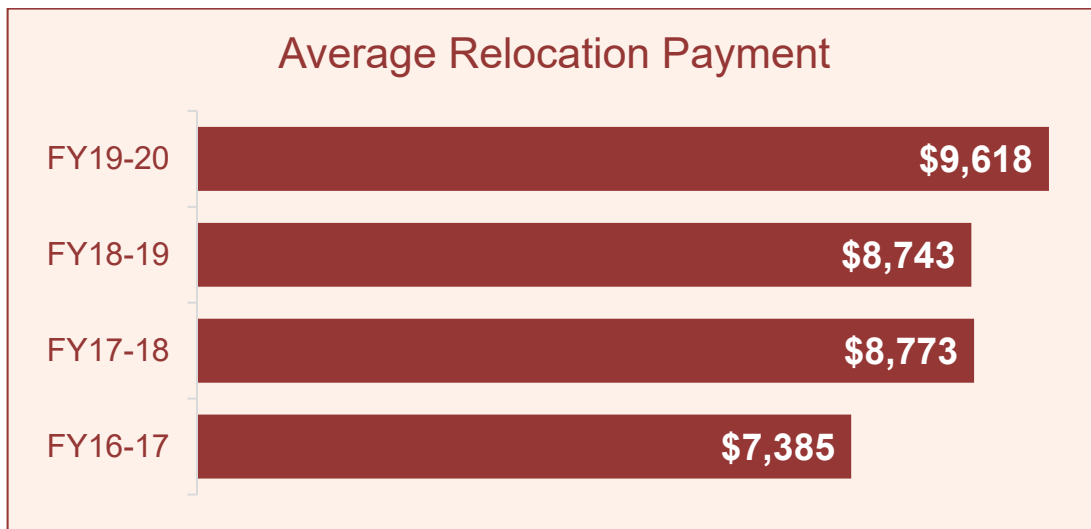
Monthly No-Fault Terminations of Tenancy by Grounds FY 2018-2019 to FY 2019-2020



Relocation Payments

Effective September 2019, Ordinance No. 3250 changed how relocation payments are calculated. Rather than using the current rent and length of tenancy to calculate the relocation payment, 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.

The average relocation payment made in FY 2019-2020 was more than the average payment made in previous fiscal years.



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.

Met Requirements	Deficient	Tenant Chose to Rescind	TOTAL
17	1	1	19

The average payment amount for the 17 active buyout agreements filed with the Rent Program was \$11,827. This is \$2,662 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 concerning the rent for new tenants were imposed on landlords following terminations of tenancy based on “no cause” and restrictions concerning the occupancy or use of the unit continue to be imposed on landlords following “no fault” terminations. These restrictions apply regardless of a change in ownership. Quarterly, staff monitors these units to confirm compliance with the ordinance, 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 2019-2020

	No Cause	Owner Move-In	Withdrawal from the Rental Market	TOTAL
Met compliance	32	12	3	47
Referred for Enforcement	1	1	0	2
Monitoring Ongoing	11	34	18	63
TOTAL:	44	47	21	112

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 lodging, meal, laundry, and pet boarding expenses. A tenant continues to pay rent to the landlord while receiving these payments.

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

Four temporary relocation cases were submitted to the Rent Program in FY 2019-2020. In three of these cases, the City Attorney's Office determined that no payments were required. In one case, the tenant was displaced for 27 days and received a total payment of \$5,967.

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. 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.

SUBMISSIONS

One Capital Improvement Plan was submitted to the Rent Program in FY 2019-2020. This plan has not received final, unconditional approval because it would require the temporary displacement of a tenant.

ENFORCEMENT FOR VIOLATIONS

When Rent Program staff determines there has been a violation of the Ordinance and is unable to resolve the issue with the violator, Rent Program staff refers the matter to the City Attorney's Office for review and, when appropriate, the City Attorney's Office will undertake enforcement measures. As of June 30, 2020, the status of referred violations were as follows:

New Referrals	Pending from FY 2018-2019	Resolved	TOTAL
6	4	0	10



LOOKING FORWARD

Rent Program priorities and goals for FY 2020-2021:

- Bring proposed policy revisions to the City Council as necessary.
- Register all residential rental units covered by Ordinance No. 3250 that have not yet registered
- Send the first annual notification of the Maximum Allowable Rent for fully regulated units to tenants and landlords
- Launch the Rent Registry's online petition process for tenants and landlords
- Work with City Attorney's Office to address unregistered units, unpaid program fees and other cases of non-compliance

WHERE TO FIND MORE INFO

Online Resources:

www.alamedarentprogram.org



Informational Workshops:

In-person events will not be scheduled while COVID-19 emergency orders remain in effect, but videos of workshop presentations may be viewed at www.alamedarentprogram.org/Workshops-Clinics



Contact Information:

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



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