



# **City Council Ad Hoc Committee on Rental Housing**

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## **Report to City Council**

**Ad Hoc Committee Members**

**Mayor Carlyn Obringer, Mayor, District 2  
Dominic Aliano, Councilmember, District 3**

June 12, 2019

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## **1. Establishment and Purpose of the City Council Ad Hoc Committee on Rental Housing**

On January 8, 2019 the City of Concord City Council established an Ad Hoc Committee (Committee) on Rental Housing comprised of Mayor Carlyn Obringer, District 2 and Dominic Aliano, Councilmember, District 3, for a period of up to six months, to discuss and review State and local requirements regarding tenant/landlord responsibilities and existing housing needs within the City, and to develop proposed rental housing objectives and strategies for consideration by the full Council.

The Committee was created after a number of recent actions took place related to rental housing in the community. The City Council approved significant enhancements to its Multi-Family Inspection Program in 2016. This program was established to implement the housing goals of the City, to preserve and protect the City's existing stock of multi-family housing and to protect and promote the health, safety and welfare of tenants. The City established the Residential Rent Review Program in 2017 to respond to growing concerns regarding excessive rent increases. Concord is the only city in Contra Costa County that offers these programs and, along with the City of Richmond, one of a small number throughout the Bay Area that offers a comprehensive Multi-Family Inspection Program.

Despite these changes, renters in the community have continued to express concerns about the rental housing market. The City Council has received continuous input since 2016 on these impacts from renters, tenant advocates, landlords, property owners and other stakeholders.

More broadly, the robust Bay Area economy has created an overwhelming demand for housing at a regional level. With renters experiencing a limited supply of housing and an increase in population, coupled with production of new housing units failing to keep up with this increase in demand, rents have escalated considerably in the Bay Area since the beginning of the economic recovery in 2012.

Additionally, the November 2018 vote on the State ballot measure known as "Proposition 10" (expansion of local governments' authority to implement rent control policies), which failed at the State level, was closely scrutinized in the community. Voters in District 3 supported the measure, while the majority of City of Concord voters voted against the measure.

Finally, the acquisition and rehabilitation of Parkside Apartments, 1880 Parkside Drive, which resulted in the dislocation of, and relocation payment to, 26 households, highlighted certain rental housing issues (e.g. displacement, lease non-renewals, relocation assistance) that had not been addressed directly by the City Council. This high-profile property acquisition further encouraged the City Council to form an Ad Hoc Committee to review rental housing issues.

## 2. Work of the Ad Hoc Committee

### 1. Organizing Meeting – January 29, 2019

The Committee met with City staff and the MRG consultant hired by the City to support the Committee process. The Committee reviewed and provided feedback on the 2019 Rental Housing Data Book. Preliminary meeting dates were established.

### 2. Meeting with Tenant Advocates – February 14, 2019

The Committee, City staff and the MRG consultant met with the following representatives of tenant advocate groups: First 5 – Rhea Laughlin; EBASE – Kristi Laughlin; Monument Impact – Debra Ballinger Bernstein; Tenants Together – Eduardo Torres; ACCE – Francisco Torres; and Concord Faith Community – Bob Lane. The Committee received input from the representatives, including a recommendation that the City implement a Community Stabilization Ordinance comprised of Rent Control, Just Cause Eviction and Rent Board components.

### 3. Meeting with Property Owner Representatives – February 27, 2019

The Committee, City staff and the MRG consultant met with the following property owner representatives: Rhovy Lyn Antonio – California Apartment Association (CAA); Heather Schiffman – Contra Costa Association of Realtors (CCAR); Debi Mackey – Property Owner; Leslie Manzone – CCAR; Doug Smith – Property Owner; and Killian Byrne – Vasona Management. The Committee received input from the representatives regarding the current rental market and rental housing policies.

### 4. Meeting with Technical Experts – March 19, 2019

The Committee, City staff and the MRG consultant met with the following technical experts: Alexander Quinn – Hatch Urban Solutions; Cristina Nape – Hatch Urban Solutions; and Ada Chan – Association of Bay Area Governments / Metropolitan Transportation Commission. The technical experts made presentations. The Committee discussed the current market and rental housing policies that have been implemented or are currently under discussion in Bay Area cities.

### 5. Meeting with City of Concord Multi-Family Inspection and Police Department staff – March 27, 2019

The Committee, City staff and the MRG consultant met with the following City staff: Ryan Pursley – Chief Building Official; Cindy Turlington – Sr. Building Inspector; Antonio Cambero – Building Inspector; Angie Garcia – MFIP Administrative Clerk II; and Sean Donnelly – Police Lieutenant. The Committee discussed the implementation of current rental housing policies in the City of Concord and the consideration of additional policies.

6. Committee Meeting – April 16, 2019

The Committee met with City staff and the MRG consultant and reviewed: input received from Committee meetings with stakeholders, a preliminary outline of the Committee Report, potential policy options for consideration by the Committee, and the remaining Committee schedule.

7. Committee Meeting – April 30, 2019

The Committee met with City staff and the MRG consultant and reviewed a draft Committee Report and the remaining Committee schedule.

8. Committee Meeting – May 8, 2019

The Committee met with City staff and the MRG consultant and reviewed a draft Committee Report and the remaining Committee schedule.

9. Committee Public Meeting – May 29, 2019

This public meeting is described in the next section of this Report.

10. Committee Meeting – June 5, 2019

The Committee met with City staff and the MRG consultant, reviewed input received at the Committee Public Meeting, agreed on changes to the draft Committee Report, and discussed the remaining Committee schedule.

### **3. Community Meeting Regarding Draft Report to City Council**

On May 29, 2019, the Committee conducted a community meeting to review a Draft Report to the City Council. A meeting notice was published on May 13, 2019, on the City's website and on social media (Facebook, Twitter, Next Door), and notices were e-mailed to community stakeholders. The Committee's Draft Report to the City Council was posted on the City's website on May 20, 2019.

The community meeting was facilitated by the Ad Hoc Committee and provided an opportunity for the public to comment on the draft Report to the City Council. The meeting was attended by approximately 130 people, with about 70 speakers. The Committee and staff noted but did not respond to comments during the meeting. In general, those that spoke and submitted written comments were supportive of either a rent control/just cause policy package stricter than what was being proposed in the Report, or recommendations that would result in fewer additional obligations on property owners.

A video of the meeting was posted to the Ad Hoc Committee webpage on June 4, 2019, and can be found at: <http://cityofconcord.org/758/Rental-Housing-Ad-Hoc-Committee>.

#### 4. Policy Recommendations

The following sections describe individual policies the Committee recommends for consideration by the full City Council. Each recommended policy includes a short description of the policy/program components, desired outcome, implementation timeframe, budget impact and examples of other Bay Area cities that have implemented a similar policy. All recommendations are endorsed by both Committee members, except Policies 4.3 and 4.4. Policy 4.3 is recommended by Mayor Obringer and Policy 4.4 is recommended by Councilmember Aliano.

The Committee is recommending a significant enhancement of the City of Concord rent stabilization policies. The policies recommended by both Committee members on the following pages attempt to:

- Provide tenants a binding recourse to challenge large rent increases (4.1);
- Provide tenants with greater information (4.2 and 4.8) regarding rent increases and tenant rights;
- Provide tenants the opportunity to ensure 12 months of rent security at the commencement and renewal of rent terms (4.5);
- Increase the supply of permanently affordable housing available to residents (4.6); and
- Support State-wide legislation to increase publicly available rental information and evaluate feasibility of gathering local rent information (4.7).

The Committee members' two individual recommendations attempt to:

- Provide tenants with relocation assistance in the event of non-renewals or other displacements that are not the fault of the tenant (4.3); and
- Ensure evictions are only allowed in the situations in which there is just cause by the property owner (4.4).

During its deliberations, the Committee received input from tenant advocates and from property owners, as well as from technical experts and City staff. The Committee considered the potential impact of policies on tenants, property owners and future investors in the community. The input received during meetings and via emails from Concord residents and stakeholders was very wide ranging. The input varied from the suggestion to fully embrace rent control to the recommendation to not pursue any further property owner restrictions.

The Committee believes that the following policies strike a balance that will enhance the quality of life for renters and support continued investment in rental housing in the community.

Mayor Obringer recognizes that the rental market changes over time. The Mayor recommends that any of the recommended Ordinances that the City Council approves would sunset three years after their effective dates. This would cause the City Council to evaluate market conditions and the effectiveness of the Ordinances at that time. Councilmember Aliano does not support this recommendation or the sunset of recommended ordinances.

## 4.1 Modify Residential Rent Review Program (City of Concord Ordinance 17-7)

### A. Policy/Program Elements

Modify City Ordinance as follows:

1. Mandate participation by landlords for any rent increase during a 12-month period greater than either:
  - a. a 5% cap; a separate policy will be established to address increases above this amount allowable only for specific reasons (Councilmember Aliano recommendation); or
  - b. the rent increase threshold established in AB 1482, if that legislation becomes law (Mayor Obringer recommendation).
2. The first steps required by the Ordinance (conciliation and mediation) would be retained. The Rent Review Panel would be replaced with an Administrative Law Judge (ALJ) selected by the City Attorney.
3. The Ordinance would not allow the ALJ to make a decision that would mandate a rental increase below the threshold in Section 4.1.A.1 above.
4. The Ordinance would define the criteria by which the ALJ would make his/her decision. Examples of criteria could include, but are not limited to, cost of operations to the property owner and the financial impact on the tenant. Any criteria would be evaluated by the City Council during the development of the modified Ordinance.
5. Units constructed prior to 1995 – Decision of the ALJ would be binding.
6. Units constructed after 1995 – Decision of the ALJ would be non-binding.
7. Modify the time the tenant has to request rent review services from the City's Program Administrator from 15 to 30 days.
8. Modify the City Fee Ordinance to ensure that any additional costs due to modifications to the Ordinance are fully recovered. Consider a modification to the Ordinance in which the property owner would pay for the cost of the ALJ in cases that proceed to an ALJ ruling.
9. No other changes to the City Ordinance would be made (e.g. voluntary participation by tenants, applies to three-unit properties or larger, but excludes three-unit properties where the owner occupies one unit, etc.).

### B. Desired Outcome

Limit large rent increases.

### C. Implementation Timeframe

Prepare modified Ordinance for City Council consideration. Estimated City Council consideration – Late Fall 2019. Implementation early 2020.



D. Budget Impact

Moderate staff time to prepare modified Ordinance. City Council consideration.

E. Other Bay Area Cities with Program

Alameda: Increase of 5% or less is advisory if the unit is a single-family home, condominium, or located at a multi-unit property built after February 1995; and

Increase of more than 5% is binding only if the property is a multi-unit property built before 1995.

## **4.2 Extend Property Owner Notice Requirement for Rent Increases**

### **A. Policy/Program Elements**

New City Ordinance.

Extend notice periods to 60 days for an increase less than the threshold set in Item 4.1 above (current State law is 30 days), and 90 days for an increase more than the threshold set in Item 4.1 above (current State law is 60 days).

### **B. Desired Outcome**

Limit evictions. Increase tenant ability to participate in the Rent Review Program and/or plan for rent increase or relocation.

### **C. Implementation Timeframe**

Prepare new Ordinance for community review and City Council consideration. Estimated Ordinance for City Council consideration – December 2019.

### **D. Budget Impact**

Staff time needed to implement. Prepare modified Ordinance. City Council consideration.

### **E. Other Bay Area Cities with Program**

N/A - Hybrid Program.

### **4.3 Relocation Assistance for Tenants (Mayor Obringer Recommendation)**

#### **A. Policy/Program Elements**

New City Ordinance.

Relocation assistance triggered in the following circumstances:

1. Necessary and Substantial Repairs Requiring Temporary Vacancy;
2. Property Acquisition and Rehabilitation;
3. Owner Move-In;
4. Withdrawal of Unit Permanently from Rental Market;
5. Demolition; and
6. No cause non-renewal for tenants who have lived in their unit for three years or more (exclusions – Failure to Pay Rent, Breach of Lease, Nuisance, Criminal Activity and Failure to Give Access).

Primary criteria for relocation assistance:

1. No means testing; and
2. The amount of assistance would be the greater of: \$5,000, or two times the monthly average City of Concord rent, based on unit size (established annually).

#### **B. Desired Outcome**

Limit no cause non-renewals. Provide tenants with the financial resources necessary to relocate.

#### **C. Implementation Timeframe**

Prepare new Ordinance for community review and City Council consideration. Estimated Ordinance for City Council consideration – Late 2019-early 2020.

#### **D. Budget Impact**

Staff time needed to implement. Prepare modified Ordinance. City Council consideration.

#### **E. Other Bay Area Cities with Relocation Assistance:**

Alameda;  
Berkeley;  
Mountain View;  
Oakland; and  
Redwood City.

#### **4.4 Just Cause Eviction Ordinance (Councilmember Aliano Recommendation)**

##### **A. Policy/Program Elements**

New Ordinance.

Limit property owners' allowable reasons for eviction:

1. Failure to Pay Rent;
2. Breach of Lease;
3. Nuisance
4. Failure to Give Access (consistent with State of California law);
5. Necessary and Substantial Repairs Requiring Temporary Vacancy;
6. Owner Move-In;
7. Withdrawal of Unit Permanently from Rental Market; and
8. Demolition.

In the event a lease is terminated due to reasons 5, 6, 7 or 8, relocation assistance (as defined in Policy 4.3) would be required.

##### **B. Desired Outcome**

Limit no cause non-renewals.

##### **C. Implementation Timeframe**

Prepare new Ordinance for community review and City Council consideration.  
Review – September 2019. City Council consideration – December 2019.

##### **D. Budget Impact**

Staff time needed to implement. Prepare new Ordinance. City Council consideration.

##### **E. Other Bay Area cities with Program (not a complete list):**

Hayward;  
Mountain View;  
Richmond; and  
Other Bay Area Agencies.

#### **4.5 Property Owner Requirement to Offer Minimum Lease Term**

A. Policy/Program Elements

New Ordinance.

Property owners required to offer one year minimum lease terms.

B. Desired Outcome

Limit non-renewals. Increase rent certainty for tenants.

C. Implementation Timeframe

Prepare new Ordinance for community review and City Council consideration.

Estimated date for City Council consideration – Late 2019-early 2020.

D. Budget Impact

Staff time needed to implement. Prepare new Ordinance. City Council consideration.

E. Other Bay Area Cities with Program:

Menlo Park; and

Redwood City.

## 4.6 Enhance Support for Land Trust / Non-Profit Acquisition of Properties to Preserve Long-Term Affordability

### A. Policy/Program Elements

Support community and regional initiatives to acquire and preserve permanently affordable housing. Examples of recent support include:

1. On Tuesday, May 7, Concord City Council approved the additional allocation of \$2.3 million in Affordable Housing Funds to Resources for Community Development (RCD) to partially finance the expansion of the Affordable Housing Project at 1313 – 1321 Galindo Street. The additional funding will increase the size of the Project from 44 units to 62 units. The total City allocation to RCD for this project is \$7.8 million.
2. The City has an additional \$6 million in Affordable Housing Funds, which may be made available through a Request for Qualifications (RFQ) to be released in Fall 2019. It is proposed that the focus of the funding allocation be for developers who propose the acquisition and rehabilitation of an existing apartment complex within the City of Concord. The funded project will be preserved as an affordable property for 55 years.
3. On Tuesday, May 7, Concord City Council supported staff's recommendation that Council deny Discovery Builders' appeal of the Planning Commission's decision to deny it a Use Permit Amendment. The Amendment would have eliminated the requirement for the Enclave Townhomes Project to construct four affordable townhomes within the Project and would instead have allowed Discovery Builders to pay an in-lieu fee in the amount of \$566,397.
4. The City supported the renovation of Sun Ridge Apartments on Monument Blvd., and on Thursday, April 18, City officials joined community members in celebrating the completion of the renovation. Originally constructed in 1964-1965, Sun Ridge is a 198-apartment community with one-, two-, and three-bedroom apartments. The site was acquired by Community Housing Works (CHW) in 2017, preserving the property as affordable for an additional 55 years on behalf of over 600 residents.

### B. Tenant Benefit

Increased affordable rental housing options for residents.

### C. Implementation Timeframe

Fall 2019. Direction to staff to support additional potential community and regional partnerships.

### D. Budget Impact

Limited staff time needed to implement. Would increase the breadth of the City's community and regional housing initiatives.

- E. Other Bay Area Cities with Program:  
San Francisco (San Francisco Small Sites Program);  
Oakland (Oakland Community Land Trust); and  
Numerous cities that have supported acquisition of permanently affordable housing.

#### **4.7 Support State Legislation that Requires State-Wide Rent Registry, and Evaluate Feasibility of Gathering Rent Information Through the Business License Application/Renewal Process**

A. Policy/Program Elements

City Council letter of support for state legislation

Direct staff to explore the feasibility, cost and utility of gathering Concord rent information through the business license application/renewal process.

B. Desired Outcome

Obtain additional data regarding rental housing that could inform local rental housing policies.

C. Implementation Timeframe

Fall 2019 to evaluate feasibility.

D. Budget Impact

Limited staff time needed to evaluate feasibility.

E. Other Bay Area Cities with Program:

El Cerrito; and

Cities with rent control policies.



#### **4.8 Enhance City Communication Regarding Affordable Housing Programs, Existing Tenant Protections Under California State Law, and Resources for Tenant Access to Counseling / Legal Representation**

A. Policy/Program Elements:

Direction to staff;

Identify alternate counseling and legal aid capacity for City of Concord tenants;

Draft notice that details existing tenant protections under California State law; and

Notice to be provided to tenants by the landlord at the time a lease is signed or renewed.

B. Desired Outcome

Enhanced, easily accessible information about rental housing, existing tenant protections under California State Law and tenant resources for residents.

C. Implementation Timeframe

Fall 2019. Direction to staff to enhance outreach and identify alternate sources of tenant assistance.

D. Budget Impact

Limited staff time needed to implement. Would increase the breadth of the City's housing initiatives.

E. Other Bay Area Cities with Program:

Concord and most Bay Area Cities have Programs that provide tenant resources.