Rent Stabilization and Just Cause Review
Purpose of Survey

The City of Concord is invested in creating effective housing policies that provide protection and opportunities for both tenants and property owners in the City.

Through its 6th Cycle Housing Element Update, the City has committed to the adoption of Rent Stabilization and Just Cause for Eviction Ordinances by December 31, 2023.

Housing staff are gathering feedback from community members to better understand the needs of tenants and property owners and to ensure that a prospective Rent Stabilization and Just Cause Ordinance best meets those needs.
Tenant Protection Act (AB 1482)

- Signed into law October 13, 2019
- Annual rent increases are limited to the lower of 10%, or 5% + inflation, based on the local Consumer Price Index (CPI)
- Property owners are ensured a “fair return” on their property
- Property owners must provide a “just cause” reason when evicting a tenant
Residential Tenant Protection Program

- Effective August 2020, expires January 2030

- Follows the just causes for eviction under AB 1482 with additional protections:
  - Greater relocation assistance for no-fault evictions of 2x monthly rent or $5,000, whichever is greater
  - Property owners must offer minimum lease term of 12 or 6 months to new tenants
  - Effective January 1, 2021, property owners must register and update unit and tenancy information on annual basis in a rent registry
What is Rent Stabilization?

Rent stabilization regulates rental housing prices to protect tenants from excessive rent increases while still allowing property owners to achieve a fair return.

The following slides provide a review of a handful of elements commonly seen in local rent stabilization ordinances that the City of Concord would like your input on. This is not an exhaustive list and your survey responses do not need to be limited to these topics. This review intended to just help get the conversation started.
Covered Units

• Typical restrictions may be based on:
  • Year built
  • Number of units
  • Length of tenancy

• Per the State’s Costa-Hawkins Law, local rent stabilization ordinances may not cap rents on:
  • New tenancies following prior tenants vacating the unit ("vacancy decontrol")
  • Buildings constructed after 1995
  • Single-family dwellings and condos
Fair Return

• Under State Law property owners are entitled to receive a fair return on their investment

• A calculation for fair return is often established in the ordinance
  • Ex: Net operating income from a specified base year based on local CPI

• Property owners generally may petition for a rent increase above the limit if they can demonstrate they are not able to achieve a fair return
Rent Increase Limit

- The amount that property owners are allowed to increase tenants' rents on an annual basis
- Rent increase limits vary by jurisdiction but may include a fixed limit, usually ranging from 2-8%, or may be indexed to the change in local CPI
- Some ordinances may establish a rent increase floor which is a minimum amount that rents can increase by
  - This is intended to allow property owners to increase rents when CPI is 0 or negative
Rent Banking

• A provision within rent stabilization ordinances that allows property owners to “save” prior allowable rent increases that were not imposed on their tenants

• When rent banking is allowed, property owners can add what they “saved” to the current allowable rent increase

• Limits are placed on rent banking to prevent large and sudden rent increases
Capital Improvements

• Property improvements or major rehabilitation that involve more than ordinary maintenance and repairs

• Some ordinances may allow for rent increases above the limit in order for an owner to pass on some of the cost of capital improvements onto the tenant

• The amount that property owners can pass through may be capped at:
  • A percentage of the total improvement cost
  • A percentage above the general rent increase limit for a specified number of years

• In some jurisdictions, property owners may be required to file a petition for this type of increase
Rent Registry

• A database where property owners register rental properties and update rental unit and tenancy information, generally on an annual basis

• Rental registries allow tenants, property owners, and City staff to track relevant information on covered units

• The City of Concord has an existing rent registry which went into effect January 1, 2021:
  • Applies to buildings with 4+ units
  • FY 2023-24 fee is $5.25/ unit
  • All units should be registered with HdL (rent registry administrators)
Rent Stabilization Administration Fee

• Property owners may be required to pay a fee that helps cover the costs of administering the rent stabilization and/or just cause program(s) including maintaining the rent registry, administration, and compliance
  • Often referred to as the rent registry fee and collected when units are registered annually

• Fee structures vary by jurisdiction and can range from $20-$250/ unit

• A portion of the fee may be passed on to tenants
What is Just Cause Eviction?

Just cause eviction protections limit a property owner’s ability to terminate a tenant’s lease if they have occupied the property for a specified period of time.

- **State law (AB 1482)**
  - At-fault vs. no-fault just causes for eviction
- **Noticing requirements**
  - Notice of State protections
  - Witten notice of the applicable just cause terminating tenancy
- **Relocation assistance**
- **Apply after 1 year of tenancy**
City of Concord’s Existing Just Cause for Eviction Policy?

- Concord’s Tenant Protection Program was established August 28, 2020
- Provides the same protections as AB 1482:
  - At-fault and no-fault causes for eviction
  - Applies after 1 year of tenancy
- Additional local protections:
  - Greater relocation assistance
  - Minimum Lease term
- Applies to tenants of multi-family apartments regardless of age or size of the building
State AB 1482 and City of Concord At-Fault Causes For Eviction

a. Nonpayment of rent
b. Material breach of lease after notice to correct
c. Nuisance
d. Waste
e. Refusal to execute new lease with similar duration/provisions
f. Criminal activity on the property or directed at owner/agent offsite
g. Subletting in violation of the lease
h. Refusal to the allow owner allow entry
i. Using premises for unlawful purpose
j. Employee/agent/licensee failure to vacate after termination
k. Tenant failure to vacate after notice of intent to do so
State AB 1482 and City of Concord No-Fault Causes for Eviction

a. Intent to occupy by owner or specific family members, only if tenant agrees in writing to allow this, or lease provides for it
b. Withdrawal of property from rental market
c. Owner complying with gov’t or court order to vacate
   i. Tenants don’t get relocation if they caused conditions triggering the order
d. Intent to demolish or substantially remodel the property
Local Jurisdictions may adopt additional protections above and beyond AB 1482. Some examples of the types of greater local protections include:

a. Relocation Benefits
b. Noticing Requirements
c. Mediation or Legal Assistance
d. Enforcement Mechanisms
e. Petitions
Next Steps

1. The feedback received will be considered by City Council during a public meeting tentatively scheduled for September 5th.

2. Based on City Council's direction, City staff will draft the Ordinance for adoption into municipal code by December 31st.

If you have any additional questions/comments please email Sophia Huckabay, Housing Manager, at Sophia.Huckabay@cityofconcord.org.