

Item H-2: Ellis Act Regulation

Regular Meeting of the Richmond Rent Board | September 20, 2017

Item H-2: Statement of the Issue

- The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance provides landlords with the ability to recover possession of a rental unit in order to withdraw the unit from the rental market in accordance with Government Code 7060 et. seq. and all regulations passed by the Rent Board.
- The adoption of a regulation regarding the withdrawal of rental units from the rental market is necessary to ensure the units are withdrawn in accordance with state and local laws.

Regulation

17-07: Background

- **Withdrawing a Rental Unit permanently from the rental housing market is expressly permitted under State law**
 - Government Code Section 7060 et seq.
 - Also known as the “Ellis Act”
- **The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance contemplates that the Rent Board will adopt regulations to implement the Ellis Act**

Regulation 17-07: Purpose

- The purpose of draft Regulation 17-07 is to provide a procedure whereby Landlords can “go out of the rental housing business” in accordance with State law, and establish consequences for re-renting such units after they have been withdrawn.

Regulation 17-07: Requirements for Re- Renting Withdrawn Rental Units

- If the Landlord withdraws units from the Rental Market, and subsequently re-rents them:
 - Within 2 Years:
 - The Landlord must notify any Tenants displaced due to the Rental Unit's withdrawal
 - The Landlord must offer the unit to the Tenant who was displaced, at the same rent as when the Tenant was displaced, except for applicable Annual General Adjustments
 - The Rent Board may bring a civil action against the Landlord for punitive damages

Regulation 17-07: Requirements for Re- Renting Withdrawn Rental Units

- If the Landlord withdraws units from the Rental Market, and subsequently re-rents them:
 - Within 5 Years:
 - The Landlord must notify any Tenants displaced due to the Rental Unit's withdrawal
 - The Landlord must offer the unit to the Tenant who was displaced, at the same rent as when the Tenant was displaced, except for applicable Annual General Adjustments

Regulation 17-07: Requirements for Re- Renting Withdrawn Rental Units

- If the Landlord withdraws units from the Rental Market, and subsequently re-rents them:
 - Within 10 Years:
 - The Landlord must notify any Tenants displaced due to the Rental Unit's withdrawal
 - The Landlord must offer the unit to the Tenant who was displaced, at the same rent as when the Tenant was displaced, except for applicable Annual General Adjustments
 - If the Landlord fails to notify the Rent Board/displaced Tenant, the Landlord is liable for general and punitive damages.

Regulation 17-07: Noticing Requirements

- Any notice to withdraw the Rental Unit is not valid if served prior to December 31, 2016.
- Tenants are generally entitled to 120-days notice before they must vacate.
 - The Landlord must ascertain if English is spoken and, if not, must seek assistance so Tenants understand the significance of the notice.
- Owner must record a memorandum of notice and a certificate that the rental unit has been withdrawn, to put future purchasers on notice of the consequences of re-renting within 10 years.
- Landlords must provide forms to Tenants informing them that if they have lived in unit for more than 1 year and (i) are age 62 or older, (ii) disabled, (iii) are lower income or (iv) have a minor child in the household, then the tenants are entitled to one-year's, not 120 days', notice to vacate.

Item H-2: Recommended Action

- **(1) ADOPT Regulation 17-07, regarding the Withdrawal of Rental Units from the Rental Market; and (2) DIRECT STAFF to prepare a fee study for administration of Regulation 17-07 for the Rent Board's consideration in 2018.**