

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: Members of the community have sent letters to the Rent Board and Rent Program staff members. Staff members recommend letters that do not pertain to a specific item on the Rent Board agenda be included as consent items for consideration by the Rent Board.

INDICATE APPROPRIATE BODY

- | | | | | |
|---|---|--|--|---|
| <input type="checkbox"/> City Council | <input type="checkbox"/> Redevelopment Agency | <input type="checkbox"/> Housing Authority | <input type="checkbox"/> Surplus Property Authority | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> | |

ITEM

- | | | | |
|---|--|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> | |
| <input type="checkbox"/> Contract/Agreement | <input type="checkbox"/> Rent Board As Whole | | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Claims Filed Against City of Richmond | | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | | |

RECOMMENDED ACTION: Receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100 – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:
H-2.

Ileana Clark AURHP

Public forum: The AURHP has some issues with Baar's ideas and his position as the expert consultant for the Richmond Rent board, that is no secret. But we have at least as big a problem with HOW Baar was appointed. A sole source contract based on the false pretense that he is the only expert. False. This decision, as Nick has said explicitly, is up to the board. Up to you to approve or not.

We do not like that Baar's "expertise" is based in large part on the number of times his housing policies wind up in court – this to us is a reason for caution, not a reason to embrace.

We do not like that this item was pulled from the discussion last month. Does it not stand up to the smallest amount of scrutiny? A \$30,000 contract for which no bidding was allowed had *better* stand up to a little scrutiny.

We do not like the precedent that this sole source contract sets for Richmond Rent Control

Mostly we do not like it because we do not understand what is going on here. Since it is up to you, the board, we sincerely hope that you do understand and that you do the right thing.

Ilona Clark submitted the attached to Board Clerk during Public Comment regarding Item G-1 at the 3/21/2018 Rent Board meeting.

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City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

Chapter 9. Standards for Individual Maximum Allowable Rent Adjustments

905. Maintenance of Net Operating Income (MNOI) Fair Return Standard

A. Fair Return Standard

1. **Presumption of Fair Base Year Net Operating Income.** It shall be presumed that the net operating income received by the Landlord in the base year provided a Fair Return.
2. **Fair Return.** A Landlord has the right to obtain a net operating income equal to the base year net operating income adjusted by 100% of the percentage increase in the Consumer Price Index (CPI), since the base year. It shall be presumed this standard provides a Fair Return.
3. **Base Year.**
 - a. For the purposes of making Fair Return determinations pursuant to this section, the calendar year 2015 is the base year. The base year CPI shall be 2015, unless subsection (b) is applicable.
 - b. In the event that a determination of the allowable Rent is made pursuant to this section, if a subsequent petition is filed, the base year shall be the year that was considered as the "current year" in the prior petition.

4. Current Year

The "current year" shall be the calendar year preceding the application. The "current year CPI" shall be the annual CPI for the current year.

5. Adjustment of Base Year Net Operating Income.

Landlords or Tenants may present evidence to rebut the presumption that the base year net operating income provided a Fair Return. Grounds for rebuttal of the presumption shall be based on at least one of the following findings:

- a. **Exceptional Expenses in the Base Year.** The Landlord's operating expenses in the base year were unusually high or low in comparison to other years. In such instances, adjustments may be made in calculating operating expenses in order that the base year operating expenses reflect average expenses for the property over a reasonable

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period of time. The following factors shall be considered in making such a finding:

- i. Extraordinary amounts were expended for necessary maintenance and repairs.
 - ii. Maintenance and repair expenditures were exceptionally low so as to cause inadequate maintenance or significant deterioration in the quality of services provided.
 - iii. Other expenses were unreasonably high or low notwithstanding the application of prudent business practices.
- b. **Exceptional Circumstances in the Base Year.** The gross income during the base year was disproportionately low due to exceptional circumstances. In such instances, adjustments maybe made in calculating base year gross rental income consistent with the purposes of this chapter. The following factors shall be considered in making such a finding:
- i. If the gross income during the base year was lower than it might have been because some residents were charged reduced rent.
 - ii. If the gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary eviction for construction or repairs.
 - iii. The pattern of rent increases in the years prior to the base year and whether those increases reflected increases in the CPI.
 - iv. Base period rents were disproportionately low in comparison to the base period rents of comparable apartments in the City.
 - v. Other exceptional circumstances.

6. Calculation of Net Operating Income. Net operating income shall be calculated by subtracting operating expenses from gross rental income.

e.g. **Gross Rental Income.**

- i. Gross rental income shall include:

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Gross rents calculated as gross scheduled rental income at one hundred percent occupancy and all other income or consideration received or receivable in connection with the use or occupancy of the Rental Unit, except as provided in Subparagraph (B) of this section.

~~If there are vacant units at the time a petition is filed the rent shall be calculated on the basis of average rents for comparable units in the property which have had vacancy increases within the past two years. If there are no comparable units in the property rental income for the vacant units shall be calculated on the basis of rents for recently established initial rents for comparable units in the City.~~

If there is a difference in the number of rental units between the base year and the current year, in making calculations of net operating income in the base year and the current year, the rental income and expenses for the same number of units shall be used in calculating the net operating income for both periods.

The purpose of this provision is to ensure that a petitioner is not requesting that the current fair net operating income reach a level which was provided in the base year by a larger number of units or is limited to a net operating income which was formerly provided by a smaller number of units.

If there are units that are vacant or owner-occupied at the time a petition is filed which were rented in the base year, for the purposes of the MNOI analysis a rental income for the unit shall be calculated on the basis of average rents for comparable units in the building which have been permitted vacancy decontrol increases within the past two years. If there are no comparable units in the property rental income for the vacant or owner occupied units, the rent shall be calculated on the basis of recently established initial rents for comparable units in the City. If there are units that were rented in the current year, which were vacant or owner-occupied in the base year, for the purposes of the MNOI analysis a rental income for the unit for the base year shall be calculated on the basis of average rents for comparable units in the building in the base year. If there are no comparable units in the property, rental income for the vacant or owner occupied units in the base year shall be calculated on the basis of base year rents for comparable units in the City. In the alternative, the Hearing

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Officer may use another reasonable methodology to insure compliance with the purposes of this subsection.

ii. Gross rental income shall not include:

Utility Charges for sub-metered gas, electricity or water;

Charges for refuse disposal, sewer service, and, or other services which are either provided solely on a cost pass-through basis and/or are regulated by state or local law;

Charges for laundry services; and

Storage charges.

d.b. **Operating Expenses.** Operating expenses shall include the following:

~~i.~~ **Reasonable costs of operation and maintenance of the Rental Unit, (including property insurance).**

~~ii.~~

~~iii.~~ **Management expenses.** It shall be presumed that management expenses have increased between the base year and the current year by the percentage increase in rents or the CPI, whichever is greater, unless the level of management services has either increased or decreased significantly between the base year and the current year. This presumption shall also be applied in the event that management expenses changed from owner managed to managed by a third party or vice versa

~~iv.~~ **Utility costs** except a utility where the consideration of the income associated with the provision of the utility service is regulated by state law and consideration of the costs associated with the provision of the utility service is preempted by state law or the income associated with the provision of the utility is not considered because it is recouped from the Tenants on a cost pass-through basis..

~~v.~~ **Real property taxes and insurance,** subject to the limitation that property taxes attributable to an assessment in a year other than the base year or current year shall not be considered in calculating base year and/or current year operating expenses.

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~~vi.v.~~ **License, registration and other public fees** required by law to the extent these expenses are not otherwise paid or reimbursed by Tenants.

~~vii.vi.~~ **Landlord-performed labor** compensated at reasonable hourly rates. However, no Landlord-performed labor shall be included as an operating expense unless the Landlord submits documentation showing the date, time, and nature of the work performed. There shall be a maximum allowed under this provision of five percent (5%) of gross income unless the Landlord shows greater services were performed for the benefit of the residents. (HOURLY RATE PRESUMPTIONS TO BE INSERTED UPON ESTABLISHMENT OF CAPITAL IMPROVEMENT REGULATION)

~~viii.vii.~~ **Legal expenses.** Reasonable attorneys' fees and costs incurred in connection with successful good faith attempts to recover rents owing, successful good faith unlawful detainer actions not in derogation of applicable law, legal expenses necessarily incurred in dealings with respect to the normal operation of the Property, and reasonable costs incurred in obtaining a rent increase pursuant to Sections 11.100.070 of the Ordinance.

To the extent allowable legal expenses are not annually reoccurring and are substantial they shall be amortized over a five-year period, unless the Rent Board concludes that a different period is more reasonable. At the end of the amortization period, the allowable monthly rent shall be decreased by any amount it was increased because of the application of this provision.

~~e.c.~~ **Exclusions from Operating Expenses.** Operating expenses shall not include the following:

- i. Mortgage principal or interest payments or other debt service costs and costs of obtaining financing.
- ii. Any penalties, fees or interest assessed or awarded for violation of any provision of this chapter or of any other provision of law.
- iii. Land lease expenses.
- iv. Political contributions and payments to organizations or individuals which are substantially devoted to legislative lobbying purposes.
- v. Depreciation.

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- vi. Any expenses for which the Landlord has been reimbursed by any utility rebate or discount, Security Deposit, insurance settlement, judgment for damages, settlement or any other method or device.
- vii. Unreasonable increases in expenses since the base year.
- viii. Expenses associated with the provision of master-metered gas and electricity services.
- ix. Expenses which are attributable to unreasonable delays in performing necessary maintenance or repair work or the failure to complete necessary replacements. (For example if a roof replacement is unreasonably delayed, the full cost of the roof replacement would be allowed; however, if interior water damage occurred as a result of the unreasonable delay

~~4.d. Adjustments to Operating Expenses. Base year and/or current year operating expenses may be averaged with other expense levels for other years or amortized or adjusted by the CPI or to reflect levels that are normal for residential Rental Units or may otherwise be adjusted, in order to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison of base year and current year expenses and providing a Fair Return. If the claimed operating expense levels are exceptionally high compared to prior expense levels and/or industry standards the Landlord shall have the burden of proof of demonstrating that they are reasonable and/or reflect recurring expense levels. Expenses which are exceptional and reasonable shall be amortized in order to achieve the objectives of this section.~~

~~4.e. Projections of Base Year Operating Expenses in the Absence of Actual Data~~

~~If the Landlord does not have base year operating expense data, it shall be presumed that operating expenses increased by the percentage increase in the CPI between the base year and the current year. This presumption is subject to the exception that specific operating expenses shall be adjusted by other amounts when alternate percentage adjustments are supported by a preponderance of evidence (such as data on changes in the rates of particular utilities or limitations on increases in property taxes.)~~

~~6.7. Allocation of Rent Increases~~

~~Rent increases authorized pursuant to this section shall be allocated as follows:~~

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- a. Rent increases for unit-specific capital improvements shall be allocated to that unit;
- b. Rent increases for building-wide or common area capital improvements shall be allocated equally among all units;
- c. Rent increases resulting from the Net Operating Income analysis shall be allocated equally among all units;
- d. Notwithstanding the subsections above, the hearing examiner or the Board, in the interests of justice, shall have the discretion to apportion the rent increases in a manner and to the degree necessary to ensure fairness. Such circumstances include, but are not limited to, units that are vacant or owner occupied.

9.

Article III. The Amortized Costs of Capital Replacements/Improvements.

Operating expenses include the amortized costs of capital replacements/improvements plus an interest allowance to cover the amortization of those costs. For purposes of this section a capital improvement shall be any improvement to a unit or property which materially adds to the value of the property, appreciably prolongs its useful life or adapts it to new use and has a useful life of more than one year and a direct cost of \$250.00 or more per unit affected. Allowances for capital improvements shall be subject to the following conditions:

The costs are amortized over the period set forth in Section ___ of this regulation and in no event over a period of less than thirty-six

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months.

~~The costs do not include costs incurred to bring the Rental Unit into compliance with a provision of the Richmond Municipal Code or state law where the original installation of the improvement was not in compliance with code requirements.~~

do not discourage properties from being brought into compliance

At the end of the amortization period, the allowable monthly rent shall be decreased by any amount it has increased due to the application of this provision.

The amortization period shall be in conformance with the following schedule adopted by the Rent Board unless it is determined that an alternate period is justified based on the evidence presented in the hearing.

(continued on following page)

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Amortization of Capital Improvements	
<u>In amortizing capital improvements, the following schedule shall be used to determine the amortization period of the capital improvements</u>	<u>Years</u>
<u>Appliances</u>	-
<u>Air Conditioners</u>	<u>10</u>
<u>Refrigerator</u>	<u>5</u>
<u>Stove</u>	<u>5</u>
<u>Garbage Disposal</u>	<u>5</u>
<u>Water Heater</u>	<u>5</u>
<u>Dishwasher</u>	<u>5</u>
<u>Microwave Oven</u>	<u>5</u>
<u>Washer/Dryer</u>	<u>5</u>
<u>Fans</u>	<u>5</u>
<u>Cabinets</u>	<u>10</u>
<u>Carpentry</u>	<u>10</u>
<u>Counters</u>	<u>10</u>
<u>Doors</u>	<u>10</u>
<u>Knobs</u>	<u>5</u>
<u>Screen Doors</u>	<u>5</u>
<u>Fencing and Security</u>	<u>5</u>
<u>Management</u>	<u>5</u>
<u>Tenant Assistance</u>	<u>5</u>
-	-
<u>Structural Repair and Retrofitting</u>	-
<u>Foundation Repair</u>	<u>10</u>
<u>Foundation Replacement</u>	<u>20</u>
<u>Foundation Bolting</u>	<u>20</u>
<u>Iron or Steel Work</u>	<u>20</u>
<u>Masonry-Chimney Repair</u>	<u>20</u>
<u>Shear Wall Installation</u>	<u>10</u>
<u>Electrical Wiring</u>	<u>10</u>
<u>Elevator</u>	<u>20</u>

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<i>Fencing</i>	-
Chain	<u>10</u>
Block	<u>10</u>
Wood	<u>10</u>
<i>Fire Systems</i>	
Fire Alarm System	<u>10</u>
Fire Sprinkler System	<u>20</u>
Fire Escape	<u>10</u>
	-
<i>Flooring/Floor Covering</i>	-
Hardwood	<u>10</u>
Tile and Linoleum	<u>5</u>
Carpet	<u>5</u>
Carpet Pad	<u>5</u>
Subfloor	<u>10</u>
	-
Fumigation Tenting	<u>5</u>
Furniture	<u>5</u>
Automatic Garage Door Openers	<u>10</u>
	-
<i>Gates</i>	-
Chain Link	<u>10</u>
Wrought Iron	<u>10</u>
Wood	<u>10</u>
<i>Glass</i>	-
Windows	<u>5</u>
Doors	<u>5</u>
Mirrors	<u>5</u>
<i>Heating</i>	-
Central	<u>10</u>
Gas	<u>10</u>
Electric	<u>10</u>
Solar	<u>10</u>
Insulation	<u>10</u>

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	-
<i>Landscaping</i>	
Planting	<u>10</u>
Sprinklers	<u>10</u>
Tree Replacement	<u>10</u>
	-
<i>Lighting</i>	
Interior	<u>10</u>
Exterior	<u>5</u>
	-
Locks	<u>10</u>
Mailboxes	<u>10</u>
Meters	<u>10</u>
<i>Plumbing</i>	
Fixtures	<u>10</u>
Pipe Replacement	<u>10</u>
Re-Pipe Entire Building	<u>20</u>
Shower Doors	<u>5</u>
<i>Painting</i>	
Interior	<u>5</u>
Exterior	<u>5</u>
	-
<i>Paving</i>	
Asphalt	<u>10</u>
Cement	<u>10</u>
Decking	<u>10</u>
Plastering	<u>10</u>
Sump Pumps	<u>10</u>
Railings	<u>10</u>
	-
<i>Roofing</i>	
Shingle/Asphalt	<u>10</u>
Built-up, Tar and Gravel	<u>10</u>
Tile	<u>10</u>
Gutters/Downspouts	<u>10</u>

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	-
<i>Security</i>	-
Entry Telephone Intercom	<u>10</u>
Gates/Doors	<u>10</u>
Fencing	<u>10</u>
Alarms	<u>10</u>
	-
<i>Sidewalks/Walkways</i>	<u>10</u>
Stairs	<u>10</u>
Stucco	<u>10</u>
Tilework	<u>10</u>
Wallpaper	<u>5</u>
	-
<i>Window Coverings</i>	
Drapes	<u>5</u>
Shades	<u>5</u>
Screens	<u>5</u>
Awnings	<u>5</u>
Blinds/Miniblinds	<u>5</u>
Shutters	<u>5</u>

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AMORTIZED COST TABLE (EXAMPLE)

Units
in-Bldg 40

Cost	Annual Interest Rate	Amortization Period Years	Amortization Period Months	Total Principal & Interest Life-of Improvement	Total Interest Life-of Improvement	Monthly Amortized Cost	Annual Amortized Cost	Monthly Cost Per Unit
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Varying Amortization Periods – Same Interest Rate

\$50,000.00	7.00%	5	60	\$59,403.60	\$9,403.60	\$990.06	11880.72	\$99.01
\$50,000.00	7.00%	7	84	\$63,389.26	\$13,389.26	\$754.63	9055.61	\$75.46
\$50,000.00	7.00%	10	120	\$69,665.09	\$19,665.09	\$580.54	6966.51	\$58.05
\$50,000.00	7.00%	15	180	\$80,894.54	\$30,894.54	\$449.41	5392.97	\$44.94
\$50,000.00	7.00%	20	240	\$93,035.87	\$43,035.87	\$387.65	4651.79	\$38.76
\$50,000.00	7.00%	25	300	\$106,016.88	\$56,016.88	\$353.39	4240.68	\$35.34
\$50,000.00	7.00%	28	330	\$112,796.57	\$62,796.57	\$341.81	4101.69	\$34.18
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

Same Amortization Period & Varying Interest Rates

-	-	-	-	-	-	-	-	-
\$50,000.00	5.0%	15	180	\$71,171.43	\$21,171.43	\$395.40	4744.76	\$39.54
\$50,000.00	6.0%	15	180	\$75,947.11	\$25,947.11	\$421.93	5063.14	\$42.19
\$50,000.00	7.0%	15	180	\$80,894.54	\$30,894.54	\$449.41	5392.97	\$44.94
\$50,000.00	8.0%	15	180	\$86,008.69	\$36,008.69	\$477.83	5733.91	\$47.78
\$50,000.00	9.0%	15	180	\$91,283.99	\$41,283.99	\$507.13	6085.60	\$50.71
\$50,000.00	10.0	15	180	\$96,714.46	\$46,714.46	\$537.30	6447.63	\$53.73

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~~7.18.~~ **Interest Allowance for Expenses that Are Amortized.** An interest allowance shall be allowed on the cost of amortized expenses. The allowance shall be the interest rate on the cost of the amortized expense equal to the "average rate" for thirty-year fixed rate on home mortgages plus two percent. The "average rate" shall be the rate Freddie Mac last published in its weekly Primary Mortgage Market Survey (PMMS) as of the date of the initial submission of the petition. In the event that this rate is no longer published, the Rent Board shall designate by regulation an index which is most comparable to the PMMS index.

~~7.19.~~ **Impact of Vacancy Decontrol on Rent Increases Based on Capital Improvements**

If a unit becomes vacant during the pendency of a schedule which provides for the expiration of increases for capital improvements and the unit qualifies for a vacancy increase pursuant to Civil Code section 1954.53, the capital improvements schedule shall terminate.

7.8. Conditional Rent Adjustments for Proposed Capital Improvements

- a. In order to encourage necessary capital improvements, the Board allows a Landlord to petition for an upward rent adjustment based upon anticipated future expenses for capital improvements. The purpose of this procedure is to permit Landlords to seek advanced authorization for future rent adjustments based upon anticipated capital improvements. A petition under this Section should only be made for anticipated expenses that the Landlord intends to incur during the twelve month period following the date of final Board decision. This procedure should not be used for anticipated expenses for ordinary repairs and maintenance.
- b. If the petition is granted in whole or in part, the rent increase shall be postponed until such time as the capital improvements are made and an Addendum authorizing the increases is issued.
- c. No addendum shall be issued for such proposed capital improvements unless they are completed within ~~twelve~~ twenty four (24) months from the date of final decision granting the conditional rent adjustment, unless the Landlord obtains an additional addenda authorizing an extension of the time period to complete the capital improvement. ~~If supported by just cause such extensions shall be granted~~ Extensions may be granted due to reasonable delays in the completion of capital improvements as determined by the Hearing Examiner.

8.9. Any unit which received a vacancy rent increase pursuant to Civil Code section 1954.53 within ~~the two year~~ one year prior to the Fair Return application shall be ineligible for a

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rent increase for the portion of any rent increased based on the cost of proposed capital improvements.

9.10. Relationship of Individual Rent Adjustment to Annual General Adjustment

Any Individual Increase Adjustment established pursuant to this Section shall take into account the extent of any Annual General Adjustments the Landlord may be implementing or otherwise be entitled to, at and during the time for which the Individual Adjustment is sought regarding the petitioning year, and the Individual Adjustment may be limited or conditioned accordingly. *be added for that year. in the amount not to exceed 15% of MAR. any overage may be applied in subsequent years*
If it is determined that the Landlord is not entitled to an Individual Adjustment, the Landlord may implement the full upcoming General Adjustment.

11. Limits to Annual Rent Adjustments Based on Maintenance of Net Operating Income Standard

A. Purpose

The purpose of this subsection (A) is to protect Tenants from substantial rent increases which are not affordable, and which may force such Tenants to vacate their homes and result in consequences contrary to the stated purposes of the Ordinance, namely, to maintain the diversity of the Richmond community, to preserve the public peace, health and safety, and advance the housing policies of the City with regard to low and fixed income persons, minorities, students, handicapped and the aged.

B. Rent Increase Limit

Notwithstanding any other provision of this regulation, the implementation of a Maximum Allowable Rent increase shall be limited ~~each year~~ each year as follows:

~~_____ (e.g. 15%)~~ to fifteen percent (15%) of the Maximum Allowable Rent on the date the petition is filed, or ~~_____ (e.g. \$150 per month)~~, whichever is greater.

~~(On January 1st of each year beginning in February 2018, the \$ _____ and/or _____% the 15% limitation shall be adjusted upward by 100% of the percentage increase in the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-San Jose metropolitan area, less its shelter component, for the twelve month period ending on the preceding June 30th, rounded to the nearest dollar.~~

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If the amount of any rent increase granted under these regulations exceeds this limit, any portion in excess of the annual limit shall be deferred.

In subsequent years deferred amounts of the allowable rent increase may be implemented.

At the end of each year the deferred amount of the increase shall be calculated and an interest allowance shall be calculated based on the standard set forth in Section ___ of this regulation. One twelfth of the interest allowance shall be added on to full monthly increase authorized under the MNOI standard.

12. Constitutional Right to a Fair Return.

No provision of this regulation shall be applied so as to prohibit the Board from granting an individual rent adjustment that is demonstrated by the Landlord to be necessary to meet the requirements of this ordinance and/or constitutional Fair Return requirements.

March 20, 2018

City of Richmond Rent Program
Att'n: Paige Roosa
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Board Members:

Two years ago, my wife and I invested in Richmond. We purchased a small unit to rent out to supplement our retirement income from a pension and Social Security.

We maintain our property. We have good tenants. The rent is agreeable to all of us and they are pleased to be in Richmond.

Now, Richmond seems intent on punishing us for having made this investment;
-taking away the right to negotiate our rents,
-rolling back the rent to an initial low level that we had given to an acquaintance,
-taking the difference in rent and giving it to our current tenants in perpetuity.

This is **UNFAIR!!!**

It takes away any hope that our investment can do what it was intended to do.

We understand that some form of regulation may be necessary to prevent price gouging, but please don't put us in the same category as price gougers

We urge you to:

1. Allow Owners and prospective Tenants to negotiate rents freely upon new occupancy. (Lawful vacancy)
2. Exempt Owners of less than four or five properties from these regulations.
3. Use a current date for the start of controls. No roll-back to 2015.

Thank You.

Robert Higginbotham, Owner

From: rosmarielevy@gmail.com [mailto:rosmarielevy@gmail.com]
Sent: Monday, March 19, 2018 8:21 PM
To: dgray@richmondrent.org; egerould@richmondrent.org; lmaddock@richmondrent.org;
ncombs@richmondrent.org; vfinlay@richmondrent.org; Rent Control
Subject: Re: great concern!

Please disregard first e-mail. Thanks.

Dear Mr. Traynor,

Dear Rent Board Members,

Today's "Just Cause" seminar offered valuable information. The presentation was clear and detailed and I wish to thank The Richmond Rent Program for organizing these events.

I am writing this letter to follow up on two closely related issues: One being the almost unlimited amount of tenants that are allowed to live in any given apartment, due to the regulations that allows family members to move in, and the other one about "Temporary Relocation Payments to tenants".

I understand from Mr. Traynor's response to questions from the audience, that renters of single family residences would not be entitled to "Temporary Relocation Payments" in case of a natural disaster, like a devastating earthquake.

However, it remains unclear at this time what the case is for multi-unit buildings after a devastating earthquake.

We were also told that if a fire was caused by a tenant's action or negligence, that this tenant would **NOT** be entitled to receive temporary relocation payments. However, if that same fire caused by this one tenant would displace everybody in a multi-family building, could all the other tenants receive "Temporary Relocation Payments" until their units would be habitable again, or is there a time limit to these payments? If these daily payments of \$145 plus \$29 per person for food and \$1.00 for laundry would have to be made to all of our displaced tenants and possibly to all the additional "family members" residing with them, we could be hit with payments that could be close to **\$100,000** per month, unless we could find cheap housing for them very quickly. But again, where can you rent furnished two bedroom apartments for large families for under \$1,000 a month?

How do you expect a landlord come up with this kind of money from one day to the next, without any consideration of what these households have been paying in monthly rents – which in our case is an average of \$953 per unit? Assuming that our 12-unit building was vacant for an extended period of time for repairs, the amount, which would have to be paid to tenants could quickly bankrupt any landlord considering that no income would come in but property taxes and other fees and bills would accumulate and the mortgage payments would be due every month. This regulation is totally unfair to landlords and has to be redrafted and changed. On the other hand, we **are fully aware of the fact that our displaced tenants would need some sort of financial assistance, but that should be a reasonable amount. After checking with our insurance company, the amount that the insurance would pay is the rent that the**

tenants were paying before they were displaced for a maximum period of twelve months. That would leave a huge gap, that we as landlords would have to deal with.

Along these lines, I would very much appreciate it if the Richmond Rent Program would make it clear to all tenants, that it is their responsibility to have insurance for their personal effects and household items during the upcoming seminars for tenants.

The other issue of great concern is the hypothetical number of occupants per apartment. This number means not much, because we have large families living in our units with as many as 4 children or more and **if they are also allowed to bring in additional relatives, the number of actual residents can easily double in any one unit.** Have the Richmond Rent Board and the Rent Board Members thought about the hazards caused by this regulation in case of a major fire, or earthquake, or other disaster? No time has passed since the devastating Ghost Ship Fire in Oakland and I think that this catastrophic event should remind all of us that too many occupants per unit can lead to disaster.

I therefore urge you to carefully reconsider all your draft regulations and to make wise and safe decisions and to limit the number of people allowed per unit.

Sincerely,

Rosmarie Levy
Member of AURHP

From: Sherry Zalabak [<mailto:sherZ@comcast.net>]
Sent: Tuesday, March 20, 2018 4:59 PM
To: Nicolas Traylor
Subject: Fwd: Rent Board Members

Begin forwarded message:

From: Sherry Zalabak <sherz@comcast.net>
Subject: Rent Board Members
Date: March 20, 2018 at 4:58:15 PM PDT
To: rent@ci.richmond.ca.us

Dear Rent Board Members:

I am writing to encourage the Rent Board to evaluate Dr. Michael St. Johns recommendations with an unbiased and objective mind. I well understand the origin and purpose of rent control. I was a tenant in Berkeley in the 70's and 80's. Corporate Landlords came to town and hiked up rents. Their profiteering mistake has led us to where we are today. Rent control has become not only an economic cause but a political cause. With good reason the injured tenants have vowed to change things. I understand this and I empathize, I was a tenant in Berkeley in the 70's and 80's. I also understand and empathize with the a small-time landlord. My Grandmother made me sell my car and buy a house in 1977. She forbid me to buy clothes, restaurant food, or home goods that weren't from Goodwill: I took the bus to work in downtown Oakland after classes at U.C., there were no vacations, concert tickets, or days off in my world. There was only my college tuition and the payment on my one bedroom house in Berkeley.

I left the Bay Area for 2 years in 1982 and rented my house. When I returned the tenant that rented from me refused to move. It took me 2 years to get my house back and an entire year of my income. Of course.... I sold that house as soon as she moved. The result was one more rental house removed from he market. So I was once again a tenant (but this time in Albany).

As I read the proposed Richmond Rent Ordinance I do not see any acknowledgement of the enormous sacrifice and injustices that I and many others have experienced and will continue to suffer due to the biases inherent Richmond's current Rent Control Draft.

I am writing to the Rent Board to applaud the Board's consideration of Dr. Michael St John's recommendations. His input represents a historic breakthrough in the juggernaut of current Rent Control discussions. Why is this the case? It is because St. John's perspective is based upon the "Do No Harm" adage. It requires fairness to both tenant and landlord, controls collateral damage of unintended consequences and proposes an objective measure for the establishment of base rent. This last proposal alone solves the problem on historically low rent allowed to small-time landlords and eliminates the arduous, subjective, and expensive petition process.

Sincerely,
Sherry Zalabak, Member AURHP