

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: November 17, 2021

Final Decision Date Deadline: November 17, 2021

STATEMENT OF THE ISSUE: Section 11.100.060(e)(6) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Board Powers and Duties) requires the Rent Program (on behalf of the Rent Board) to report annually to the City Council on the status of rental housing covered by the Rent Ordinance. Staff members are seeking approval of the Fiscal Years 2019-20/ 2020-21 Annual Report prior to its presentation to the City Council.

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 type="checkbox"/> Other: |
| <input type="checkbox"/> Contract/Agreement | <input checked="" 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 AND APPROVE the Fiscal Years 2019-20/ 2020-21 Rent Program Annual Report and DIRECT staff to present the report to the City Council – Rent Program (Nicolas Traylor/510-620-6564).

AGENDA ITEM NO:

I-1.

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AGENDA REPORT

DATE: November 17, 2021

TO: Chair Finlay and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director

SUBJECT: RENT PROGRAM ANNUAL REPORT FOR FISCAL YEARS 2019-20 and 2020-21

STATEMENT OF THE ISSUE:

Section 11.100.060(e)(6) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Board Powers and Duties) requires the Rent Program (on behalf of the Rent Board) to report annually to the City Council on the status of rental housing covered by the Rent Ordinance. Staff members are seeking approval of the Fiscal Years 2019-20/ 2020-21 Annual Report prior to its presentation to the City Council.

RECOMMENDED ACTION:

RECEIVE AND APPROVE the Fiscal Years 2019-20/ 2020-21 Rent Program Annual Report and DIRECT staff to present the report to the City Council.

FISCAL IMPACT:

There is no fiscal impact related to this item.

DISCUSSION:

Background

Section 11.100.060(e)(6) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Board Powers and Duties) requires the Rent Program (on behalf of the Rent Board) to report annually to the City Council on the status of rental housing covered by the Rent Ordinance. Due to the COVID-19 pandemic and the impact it has had on staff resources, both fiscal years 2019-20 and 2020-21 have been combined into one report.

Contents of the 2019-20 and 2020-21 Annual Report

The Fiscal Years 2019-20/ 2020-21 Annual Report achieves its mandate of providing the City Council with an update on Richmond's rental housing stock, while providing additional contextual information about the Rent Program and its activities during the 2019-20 and 2020-21 fiscal years.

More specifically, the report includes the following sections:

- Acknowledgments of the Rent Board, staff members and volunteers
- A letter from the Executive Director
- A discussion of the Rent Program's mission and the connection between health and housing
- An overview of how the Rent Program enforces the Rent Ordinance
- A profile of Richmond's rental housing stock
- An analysis of rent increase notices filed with the Rent Program
- An analysis of termination of tenancy notices filed with the Rent Program
- A financial summary of the 2019-20 and 2020-21 Fiscal Years

Next Steps

If approved by the Rent Board at its November 17, 2021, Regular Meeting of the Rent Board, staff members anticipate presenting the FY 2019-20/ 2020-21 Rent Program Annual Report to the Richmond City Council in December 2021 or January 2022.

DOCUMENTS ATTACHED:

Attachment 1 – FY2019-20/ 2020-21 Rent Program Annual Report

ITEM I-1

**November 17, 2021
RENT BOARD MEETING**

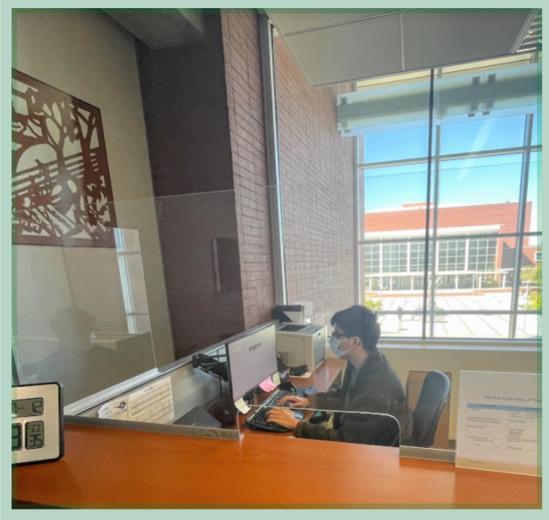
ATTACHMENT 1



CITY OF RICHMOND RENT PROGRAM

FISCAL YEARS
2019-2020 & 2020-2021
ANNUAL REPORT

Community Stability Healthy Housing Housing Affordability



"From the initial conversation onward, every team member (Rent Program staff) was knowledgeable and empathetic. I didn't feel like just a number in their system; I was treated with kindness and respect.

...yet your team has empowered me, and most importantly, had my back and made me feel supported.

Without a doubt, I would have been homeless 18 months ago if not for this program (Rent Program) and the incredible folks who run it!"

- Richmond Tenant

Follow us online:

Facebook: @richmondrentprogram

Instagram: richmond_rent_program

www.richmondrent.org

"This program (Rent Program) not only has helped several families facing financial hardship, but our property as well... We are now confident that our residents' concerns of losing their home have ceased."

- Richmond Property Manager





STAFF, INTERNS & BOARDMEMBERS ACKNOWLEDGMENTS

Rent Program Staff

Nicolas Traylor, Executive Director
Fred Tran, Deputy Director
Charles Oshinuga, Staff Attorney
Palomar Sanchez, Staff Attorney
Paul Cohen, Hearing Examiner
Monica Bejarano, Services Analyst
Cynthia Shaw, Administrative Analyst
Ramona Howell, Administrative Aide
Moises Serrano, Administrative Aide
Christopher Villalta, Administrative Student Intern
Abraham Gonzalez, Administrative Student Intern

Rent Board

Virginia Finlay, Chair
Shiva Mishek, Vice Chair
Alana Grice Conner, Boardmember
Michael Vasilas, Boardmember
Carol Johnson, Boardmember

Former Staff *(during 2019-2021)*

Paige Roosa, Deputy Director
Magaly Chavez, Rent Program Services Analyst
Philip Verma, Rent Program Services Analyst
Vickie Medina, Rent Program Services Analyst
Sarah Schaff, Administrative Student Intern
Erika Foster, UC Berkeley PSI Intern
Johana Gurdian, UC Berkeley PSI Intern
Madeline Rivas, UC Berkeley PSI Intern
Raghavendra Gupta, UC Berkeley PSI Intern
Han Chang, UC Berkeley PSI Intern
Gabby Arreola, UC Berkeley PSI Intern



Rent Program staff members

LETTER FROM THE DIRECTOR



My name is Nicolas Traylor and I am the Executive Director of the Richmond Rent Program. I am also a long-time Richmond resident and community member. I report to the 5 member Richmond Rent Board, who are appointed by the Mayor and City Council. The Rent Board governs and oversees the Rent Program, its budget and the promulgating of Rent Board policy through regulations and resolutions. Since the inception of the Rent Program in 2017, the 5 member Rent Board has adopted 148 regulations and 4 resolutions to clarify the intent of the Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance (hereafter "Rent Ordinance"). The Rent Board has also successfully adopted 4 annual Rent Program budgets, establishing and overseeing an agency that has reached high levels of compliance, while balancing each year's budget with modest reserves. Little did we know that soon after finding stability as an agency, the COVID-19 pandemic hit.

The COVID-19 pandemic has demonstrated the intrinsic connection between housing stability, financial stability, community stability and health. In the best of times, housing stability is tenuous in our beautiful Bay Area. Numerous scientific studies have linked negative health effects with housing insecurity. These turbulent times have stressed our system, making a structure of support for those affected by unstable housing all the more prescient.

During the COVID-19 pandemic the Rent Program has been the hub of vital information for the community, empowering landlords and tenants to know their rights by disseminating up-to-date information on the unprecedented changes in various local and state eviction and rent increase moratoria.

This annual report sheds light on an important fact: housing stability is a public health issue. By actively enforcing the Rent Ordinance, the Rent Program plays a vital role in the community in protecting the physical and mental health of Richmond residents.

Finally, this annual report disseminates useful information about the Rent Ordinance, Richmond's rental housing stock, rent increase and eviction data, and Rent Program finances.

A handwritten signature in blue ink, appearing to read "Nicolas Traylor". The signature is fluid and cursive.

Nicolas Traylor
Executive Director

WHAT THE COVID-19 PANDEMIC HAS REVEALED: HOUSING STABILITY IS A PUBLIC HEALTH ISSUE



Our mission

The mission of the Rent Ordinance is to promote neighborhood and community stability, healthy housing, and affordability for Richmond tenants through the regulating of those landlord/tenant matters that reasonably relate to rents and evictions, while maintaining a landlord's right to a fair return.

Housing instability is bad for your health

Since the spring of 2020, the COVID-19 pandemic has had a significant impact on the financial, physical, and mental well-being of everyone around the world. Millions of renters have struggled and continue to struggle to pay rent due to loss of income caused by the pandemic, increased out-of-pocket expenses, lost childcare, among a multitude of other reasons directly related to the pandemic (Airgood-Obrycki, W. et al., 2021). In an effort to slow the spread of the COVID-19 virus and therefore save lives, governments at all levels have instituted policies to stabilize housing and stem displacement.

Studies have shown that housing instability is detrimental to one's health. People who face housing instability are more likely to experience poor health in comparison to those who have housing stability (Taylor, 2018). Housing stability is a cross-sector force that links financial security, academic performance, job performance, and psychological and physiological well-being.

Laws such as the Richmond Rent Ordinance, the City of Richmond's eviction moratorium (Urgency Ordinance), Contra Costa County's rent increase and eviction moratorium and the state's eviction moratorium (COVID-19 Tenant Relief Act of 2020) have all played a role in slowing the potential spread of the COVID-19 virus. These protections have been especially important in Richmond, which historically has had higher rates of eviction compared to surrounding cities.



WHAT THE COVID-19 PANDEMIC HAS REVEALED: HOUSING STABILITY IS A PUBLIC HEALTH ISSUE (CONTINUED)



Outside of the immediate health benefits associated with staying housed, there are many other societal benefits to stable, healthy and affordable housing. Among those benefits are:

- **Reduced homelessness and overcrowding** which lead to negative health outcomes for individuals and the community, including the spread of the COVID-19 virus (Ehran, D et al., 2016).
- **Financial predictability** for tenants, similar to the financial predictability experienced by homeowners on fixed-term mortgages, allowing tenants to better plan financially for the future.
- **Higher academic performance for children:** Studies have shown that housing stability leads to higher academic performance (Currier, E et al., 2018).
- **Reduced psychological and physiological stress:** Studies have shown that housing insecurity leads to higher levels of psychological and physiological stress, increasing cortisol levels in the body weakening the immune system (David et al., 2014).
- **Tenants who have housing stability are more likely to assert their right to fit and habitable housing** because they know they cannot be legally evicted for complaining about habitability problems. Tenants are also aware they have recourse to compel the landlord to make repairs by filing a Rent Adjustment Petition to reduce their rent until habitability problems are corrected.

Housing Stability is good for your health

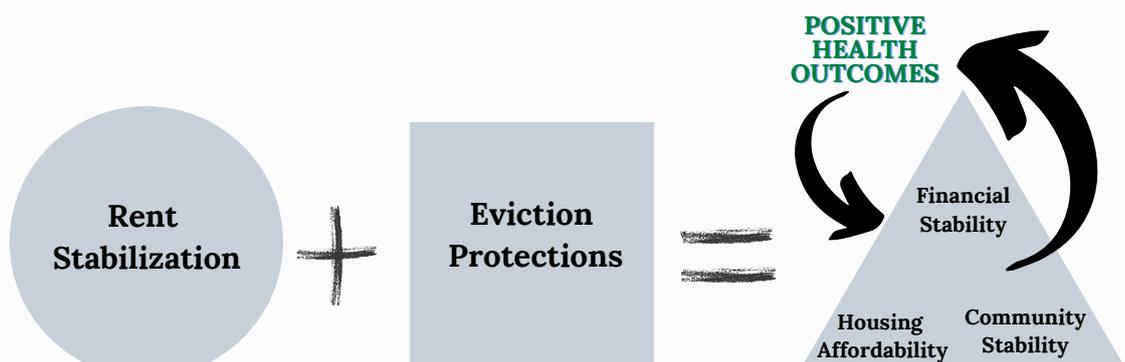
A safer and healthier community

More financial security for Tenants

Better academic performance, less delinquency and improved mental and physical health

Healthier and more habitable rental housing stock

The positive impact of housing stability on health outcomes visualized



RENT ORDINANCE ENFORCEMENT

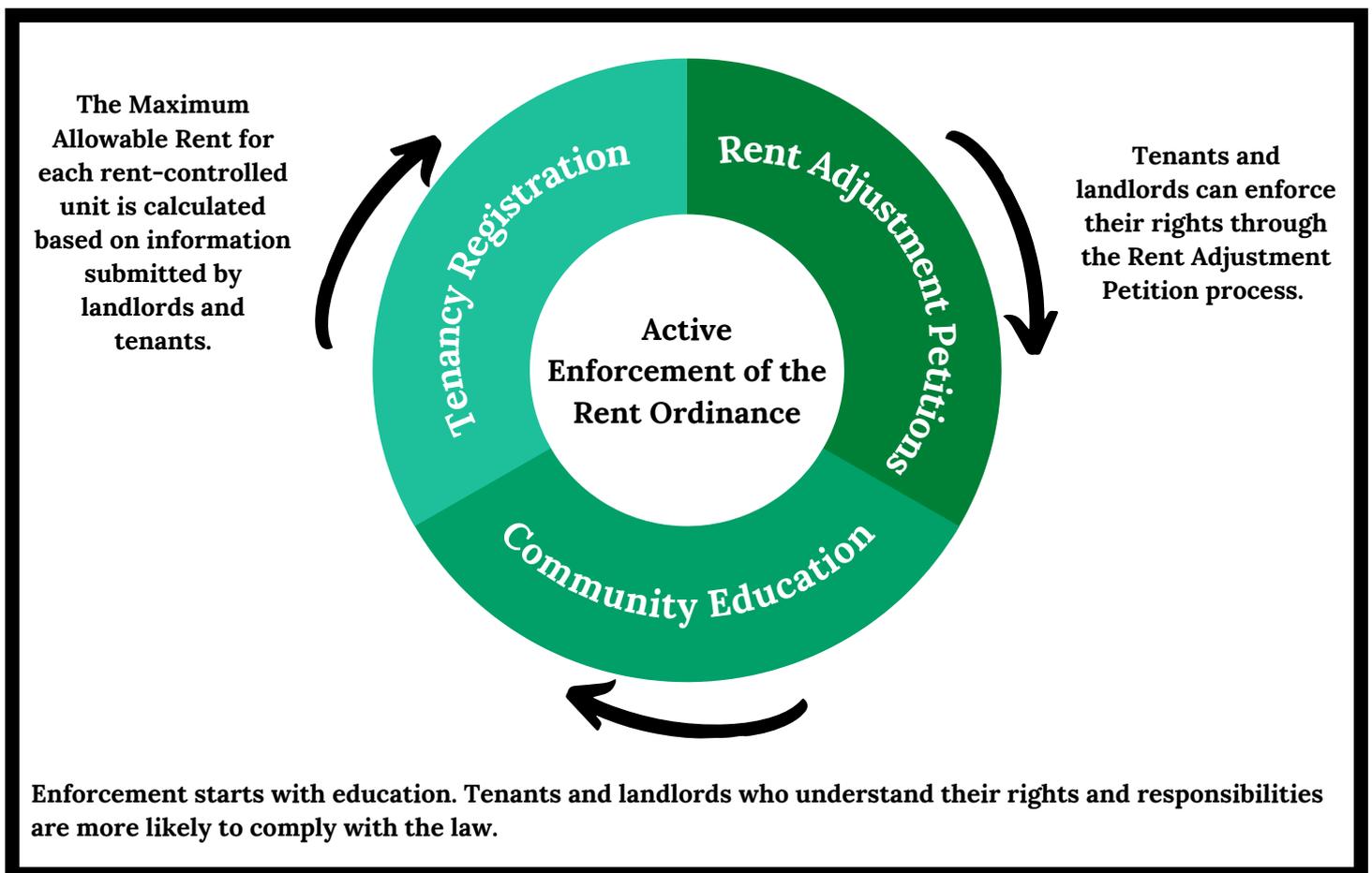


What does active enforcement mean?

One of the Rent Program's primary goals is to protect the health of our community by actively enforcing the Rent Ordinance. Active enforcement means actively reaching out to and educating both landlords and tenants regarding their respective rights and responsibilities under the Rent Ordinance. Getting the landlord and tenant on the same page about their rent-control and eviction protection rights, is the most effective way to enforce the Rent Ordinance.

Active enforcement of the Rent Ordinance has three major components:

- (1) Property Enrollment and Tenancy Registration
- (2) Counseling, Mediation, and Community Education
- (3) Rent Adjustment Petition Process



PROTECTING THE HEALTH OF OUR COMMUNITY THROUGH ACTIVE ENFORCEMENT OF THE RENT ORDINANCE



Property Enrollment & Tenancy Registration

To ensure that both landlords and tenants are on the same page regarding how much rent can be charged, the Rent Program maintains a database of rent-controlled tenancies and the Maximum Allowable Rent associated with those tenancies.

Outreach and education starts with gathering accurate data on rental properties, tenancies and lawful rent levels in Richmond. Having worked diligently the past four years to gather data on rental properties and rents, Rent Program staff are able to better track lawful rent levels and inform both landlords and tenants of the maximum rent that could be charged for that rent-controlled unit.

Counseling, Mediation & Community Education

Rent Program Services Analysts ("Housing Counselors") assist community members with a wide range of issues pertaining to the Rent Ordinance. During the pandemic, our services have never been more vital.

Housing Counseling: Rent Program Services Analysts provide community members with individualized counseling sessions on issues related to the Rent Ordinance and associated state laws.

Mediation: Often landlord and tenant disputes are complex and may benefit from the assistance of mediation. This option presents a great opportunity to avoid tenant and landlord legal disputes and reach a compromise and/or negotiate a resolution to their issues.

Legal Services: As part of our community education and outreach, the Rent Program contracts with the Eviction Defense Center and Bay Area Legal Aid to refer community members to legal assistance and representation necessary to assert their rights.



Rent Program Webinar by Services Analyst, Monica Bejarano

The Rent Adjustment Petition Process

Landlords and tenants can actively assert and enforce their rights through the rent adjustment petition process.

The Rent Ordinance provides recourse to compel habitable, healthy housing, and an incentive to invest in maintaining rental properties. This is achieved through the Rent Adjustment Petition process. Landlords who invest in maintaining or improving their properties can elect to file a "Fair Return" petition to increase the rent beyond the annual cost-of-living increase. Tenants, on the other hand, who are living with substandard conditions or who experience a decrease in habitability, usable space, or housing services can file a petition to decrease rent until repairs are made or services restored. A rent reduction petition is an effective means to compel timely repairs.



Property Enrollment & Tenancy Registration

FY 2019-2020: 723
FY 2020-2021: 388
For a total:



FY 2019-2020: 552
FY 2020-2021: 121
For a total:



FY 2019-2020: 1,040
FY 2020-2021: 1,454
For a total:



Counseling, Mediation, & Community Outreach

FY 2019-2020: 4,369
FY 2020-2021: 5,301
For a total:



FY 2019-2020: 258
FY 2020-2021: 316
For a total:



FY 2019-2020: 95
FY 2020-2021: 123
For a total:



FY 2019-2020: 11
FY 2020-2021: 9
For a total:



The Rent Adjustment Petition Process

FY 2019-2020: 457
FY 2020-2021: 480
For a total:



FY 2019-2020: 24
FY 2020-2021: 17
For a total:



FY 2019-2020: 6
FY 2020-2021: 7
For a total:



FY 2019-2020: 4
FY 2020-2021: 3
For a total:



ENFORCEMENT THROUGH OUTREACH: THE RENT PROGRAM'S RESPONSE TO THE COVID-19 PANDEMIC"



During the COVID-19 pandemic, the Rent Program has been the hub of information for landlords and tenants who want to understand their rights under local, state and federal moratoria. With many tenants and landlords experiencing financial distress caused by the pandemic, the need for Rent Program services, especially around evictions and non-payment of rent, has never been more important.

The Rent Program has adopted internal policies to assist landlords facing financial hardship due to the COVID-19 Pandemic

Landlords facing financial hardship due to the pandemic may request a deferral of the Rental Housing Fee or request a payment plan. Over \$142,644 dollars in late fees were waived since the inception of the Rent Program. During the pandemic, \$116,962 of late fees were waived including situations where the landlord was facing financial hardship because their tenants were not paying rent.

The Rent Program spearheaded the development of the first rent assistance program dedicated solely to Richmond landlords and tenants

Prior to the COVID-19 pandemic, the Rent Program met with City officials and began discussions about the potential creation of a rent assistance program for Richmond residents. Those discussions led to the creation of a rent assistance program. Launched after the shelter-in-place took effect, the coalition engages over 90 cross-sector stakeholders, including community partners, non-profits, and the City of Richmond. This coalition has raised and disbursed over \$150,000 dollars to Richmond landlords and tenants.

The Rent Program is the hub of information for Richmond landlords and tenants regarding pandemic related laws and rent assistance

Rent Program efforts to educate and serve the community during the pandemic include (but are not limited to):

- 20 online educational webinars
- Rent Program staff developed a comprehensive fact sheet on state and local rental laws
- Continue to provide housing counseling remotely, in-person (starting June 21, 2021), and via Zoom
- Development of an online appointment system making it easier to secure a counseling appointment with Rent Program staff
- Instructional webinar on how to apply for rent assistance through the California Rent Relief Program
- Creation of the "Rent Assistance Resources" web page
- A post card sent to all Richmond residents informing them of rent assistance resources and eviction moratoria
- Over 800 courtesy compliance letters were sent to landlords and tenants regarding eviction moratoria, which was triggered by each termination of tenancy notice filed with the Rent Program (as required by the Rent Ordinance)

FACTS ABOUT RICHMOND'S RENTAL HOUSING STOCK:



COUNTERING THE FALSE NARRATIVE THAT THE RENT ORDINANCE HAS LED TO A LOSS OF RENTAL UNITS

The Fiscal Year 2017–2018 Rental Housing Fee Study and the Rent Program first fee study indicate that there were **24,797** Rental Units in Richmond based on data from the County Assessor's Office in 2017. In comparison, the Fiscal Year 2020–21 Fee Study reports that there were as of the date of May 2020, **17,684** Rental Units in Richmond based on the Rent Program's database.

Does this mean Richmond lost 7,113 Rental Units between 2017–2020?

In short, no. Richmond did not lose over 7,000 Rental Units between 2017–2020. Instead, between 2017 and 2020, staff members investigated and refined the database of **suspected** Rental Units to identify only those units that are truly rented. The Fiscal Year 2016–17 and Fiscal Year 2017–18 Fee Studies utilized data provided by the Contra Costa County Assessor's Office to identify suspected Rental Units. While County Assessor data may be used to arrive at an estimated number of total rental units, it cannot produce an exact figure. Nevertheless, County Assessor data was the best and most readily available data at the time of the Fiscal Year 2016–17 and Fiscal Year 2017–18 Fee Study. One assumption used to identify suspected Rental Units included that all housing units in the City for which there were no Homeowner's Tax Exemption on file were rentals. This assumption substantially overestimated the number of Rental Units in Richmond. Staff members heard from community members that there are a number of reasons why an owner might not have claimed the Homeowner's Tax Exemption, but not used their property as a rental. These reasons include:

- The owner didn't know about the Homeowners Tax Exemption
- The owner doesn't qualify for the Homeowner Tax Exemption because they don't live in the property as their primary residence, but they use the property for another purpose besides renting it for residential purposes (i.e. Second/Vacation home, storage, work studio, etc.)

So then what is the reason for the discrepancy? How did the estimate of close to 25,000 Rental Units in 2017 decrease to less than 18,000 in 2020?

County Assessor data was used to create a very rough estimate of suspected Rental Units. In 2017, staff members collaborated with the City's IT Department to construct the Program's (and City's) first comprehensive database of Rental Units. Using the County Assessor data, cross-checked against data from the City's Rental Inspection Program, showed many units as Homeowner Exempt. Approximately 23,500 units were estimated to have been rented.

In late 2017, staff members mailed invoices to owners of these 23,500 suspected Rental Units. Approximately 4,087 suspected Rental Units were determined to be exempt based on feedback from owners. They explained that their units were either owner occupied or used for some other purpose. This left approximately 19,413 suspected Rental Units.

Between 2018 and 2020, owners of more than 1,500 units in the Rent Program's database of suspected Rental Units contacted the Rent Program upon receipt of a Rental Housing Fee Invoice to claim their unit(s) as inapplicable to the Rent Ordinance. Reasons included (a) owner occupancy or rental by a non-paying family member, (b) properties not offered for rent or used for another purpose, (c) otherwise not applicable due to location outside City boundaries or property comprised by a vacant lot erroneously added to the initial database.

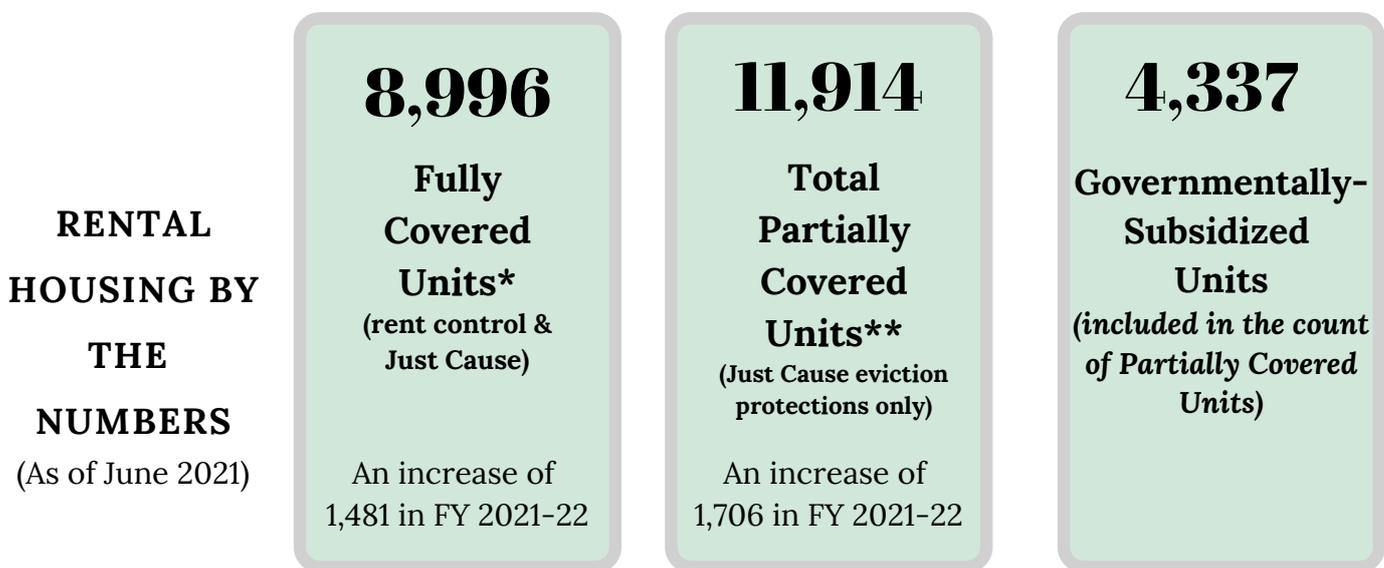
THE FACTS ABOUT RICHMOND'S RENTAL HOUSING STOCK:

COUNTERING THE FALSE NARRATIVE THAT THE RENT ORDINANCE HAS LED TO A LOSS OF RENTAL UNITS (CONTINUED)

As of May 2020, the latest estimate of Rental Units in the City totaled 17,684. As of June 2021, approximately 3,200 new Rental Units were discovered and added to the Rent Program's database, bring the total number of rental units to approximately 20,910. This number will continue to fluctuate as properties (single family homes and condominiums in particular) are bought and sold, rented by one owner, or owner-occupied.

How many Rental Units in Richmond are estimated to have actually been removed from the rental market between 2017-2021?

Rent Program records indicate that between the Rent Program's establishment in 2017 and the end of the 2020-2021 Fiscal Year in June 2021, **190** units have been withdrawn from the rental market pursuant to the Ellis Act and **51** units have been removed from the rental market due to Owner Move-In, for a total of **241** units removed from Richmond's rental market.



*Fully covered units are those Rental Units that are subject to both Rent Control and Just Cause for Eviction Protections. Multi-unit properties constructed with permits on or before February 1, 1995.

**Partially covered units are those Rental Units are subject to Just Cause for Eviction Protections only. Subsidized Units, including Section 8 Tenancies; Properties with one dwelling unit on one parcel; Condominiums; Post February 1, 1995 new construction with permits and certificate of occupancy (i.e., permits are final and unit is fit for residential habitation).



IMPORTANT FACTS ABOUT THE RENT PROGRAM AND RENT ORDINANCE



▶ **The Rent Program is an agency independent from the City of Richmond**

In accordance with Section 11.100.060(m) of the Rent Ordinance, the Rent Board and Rent Program function as integral parts of the City of Richmond, but exercise powers and duties under the Ordinance independent from the City Council, City Manager, and City Attorney, except by request of the Rent Board. To illustrate this concept, the Board, for example, adopts its own annual operating budget and hires an Executive Director who reports to the Board and not the City Manager.

▶ **Funding for the Rent Program is independent from and not tied to the General Fund**

Section 11.100.060(l) of the Rent Ordinance provides that the Rent Board shall finance its reasonable and necessary expenses by charging Landlords annual registration fees in amounts deemed reasonable by the Rent Board. Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. To ensure this requirement is satisfied, the Rent Board conducts an annual fee study. The Rental Housing Fee is adopted by the City Council and paid by Landlords to finance the Program's reasonable and necessary expenses.

▶ **The Rent Ordinance provides protections for homeowners**

The Rent Ordinance carves out protections for single family homeowners who rent out rooms in their house or rent out permitted Accessory Dwelling Units. If a homeowner shares a kitchen and or bath with a tenant, they are not subject to rent control or the requirement to have Just Cause to evict. This protection was put in the law as an incentive for single family homeowners to construct newly permitted rental units and to encourage the legalization of the many un-permitted backyard and in-law dwelling units.

▶ **Landlords have a constitutionally protected right to a Fair Return.**

The Maintenance of Net Operating Income Petition process evaluates a Landlord's assertion that they are not receiving a Fair Return and if so demonstrated, grants a Landlord a rent increase in an amount determined necessary to provide that Landlord a Fair Return. The courts have consistently upheld the constitutionality of the Maintenance of Net Operating Income process.

▶ **Landlords who are not in compliance with the Rent Ordinance may be prohibited from raising rents (for Controlled Rental Units only) or terminating tenancies**

Tenants may use a Landlord's non-compliance with the Rent Ordinance as a defense to an eviction lawsuit. To be in compliance with the Rent Ordinance and Rent Board Regulations, landlords must enroll their rental properties with the Rent Program, pay the Rental Housing Fee, and follow the eviction and rent increase noticing requirements. Landlords of rent controlled properties may be prohibited from raising the rent if they are not in compliance with the Rent Ordinance.

▶ **There are special noticing requirements for Landlords**

One of the key ways that the Rent Program monitors rents and evictions and enforces the Rent Ordinance is through special noticing requirements. Landlords of Controlled Rental Units must submit to the Rent Program copies of rent increase notices within 10 business days upon service of the tenant. Landlords of rental units that are covered by the requirement to have Just Cause to evict, must submit copies of any notice of termination of tenancy to the Rent Program within 2 business days of having served the tenant. Rent increases that are above the Maximum Allowable Rent (rent ceiling) and termination of tenancy notices that are not in compliance with the requirement to have "Just Cause" to evict, result in the landlord and tenant receiving a special mailing providing information to them of their rights and responsibilities under applicable local and state law. Failure on the part of the Landlord to adhere to the noticing requirements can be used by a Tenant as a defense to an eviction lawsuit.

RENTAL HOUSING PROFILE

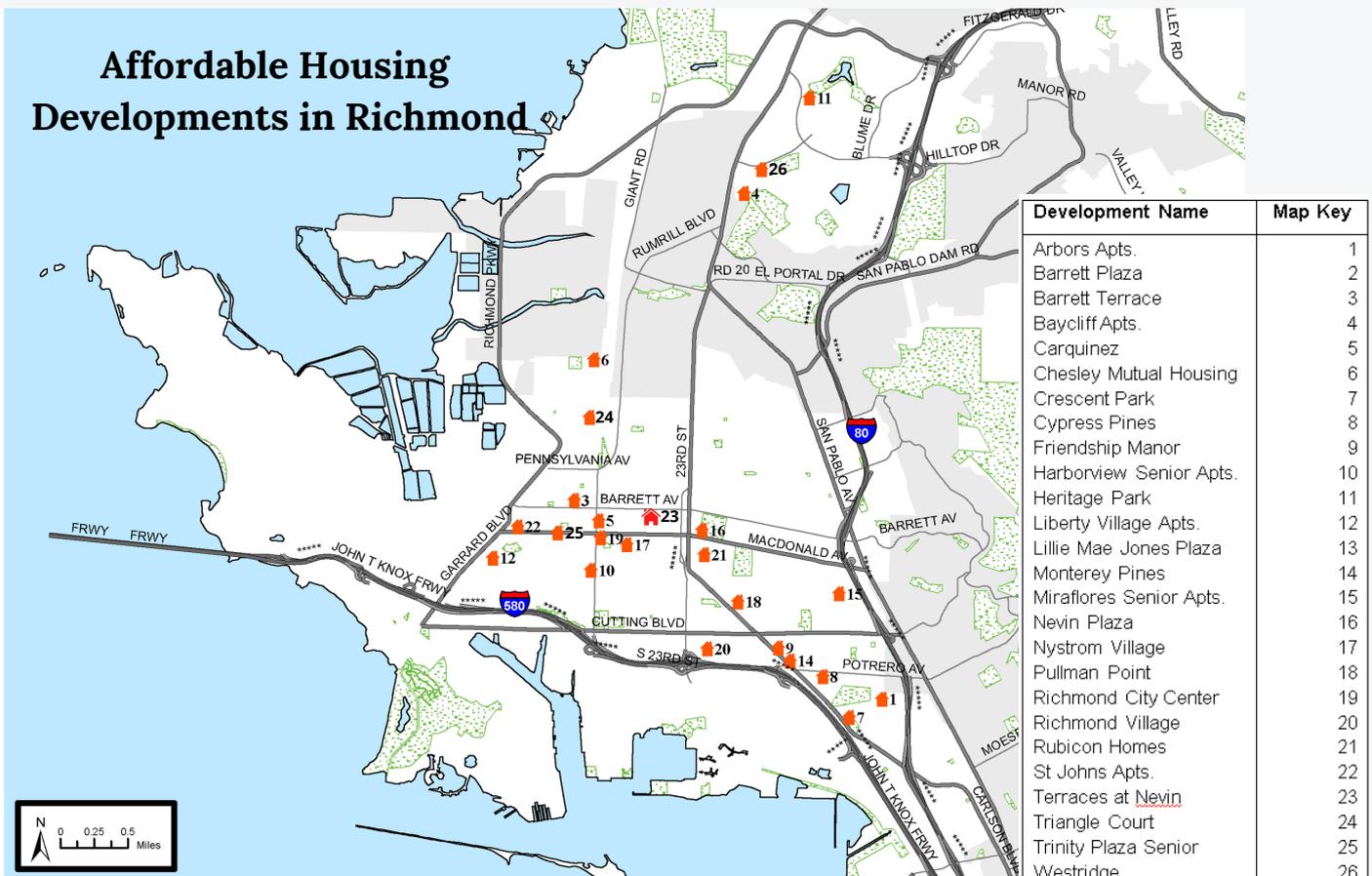
AFFORDABLE HOUSING



Over 20% of Richmond’s rental housing stock is considered “affordable housing.” This includes approximately **2,925** units built with Low-Income Housing Tax Credits (LIHTC), **789** units that receive HUD Project-Based Rental Assistance, and **1,215** with Housing Choice Vouchers from the local Housing Authority. Many units are under multiple affordable housing programs. For example, over half the city's LIHTC units also receive HUD subsidies.

In accordance with Rent Board Regulation 202, affordable housing is exempt from rent control but subject to Just Cause for eviction protections, and associated relocation payment requirements. Tenants and landlords of affordable housing can seek assistance from the Rent Program with eviction issues, receive Rent Program referrals for legal assistance from the Eviction Defense Center and Bay Area Legal Aid, and request mediation to resolve conflicts. In February 2019, the Rent Board reached an agreement with affordable housing providers and adopted a resolution limiting rent increases in certain LIHTC units to 5% annually to better protect low-income residents in these developments.

There are 26 affordable housing developments in Richmond. The map and key below show the names and locations of these developments. They are clustered in the south and west of the city, as well as in the Hilltop area to the north.



Data source: Richmond Rent Program, 2021; City of Richmond, 2021

NOTICES OF RENT INCREASE FISCAL YEARS 2019-2020 & 2020-2021 ANALYSIS



12

Authorized rent increases for 2019 is 3.5% and for 2020 is 2.9%

The median rent increase for rent-controlled units decreased between Fiscal Years 2019-2020 and 2020-2021

The median new rent for rent-controlled units also decreased in both Fiscal Year 2019-2020 and 2020-2021

Between March 2020–September 2020, pursuant to the City of Richmond Emergency Order, owners of properties with more than one dwelling unit built before February 1, 1995, (including LIHTC properties) could not increase the rent on residential rental units. Thereafter, between October 2020–September 2021, landlords of rent-controlled properties were prohibited from increasing rents pursuant to the Contra Costa County Urgency Ordinance. These moratoriums on rent increases significantly reduced the number of rent increase notices filed with the Rent Program.

Prior to the pandemic, in Fiscal Year 2018-19 (July 1, 2018- June 30, 2019) there were 2,476 rent increase notices filed with the Rent Program. Both Fiscal Year 2019-20 (July 1, 2019 –June 30, 2020) and Fiscal Year 2020-21 we saw significant decreases in notices filed. In 2019-20, there were 939 rent increase notices filed (a 62% decrease compared to the prior fiscal year). In Fiscal Year 2020-21, only 233 rent increase notices were filed (a 90.5% decrease compared to the prior fiscal year). This precipitous drop in rent increase notices submitted to the Rent Program is a direct result of local and county wide moratoriums on rent increases. After the rent increase moratorium went into effect, any notice of rent increase filed with the Rent Program resulted in both the landlord and tenant receiving a courtesy compliance letter informing both parties of the prohibition on increasing the rent.

The economic impact of the COVID-19 pandemic, experienced in both Fiscal Years 2019-20 and 2020-21, resulted in a small drop in the Consumer Price Index (cost-of-living). The median rent increase for rent controlled units in fiscal year 2019-20 dropped by \$6 compared to the Fiscal Year 2018-19 and in 2020-21, a decrease of \$16 compared to Fiscal Year 2018-19. Despite both of these decreases in median rent increases, many households still struggled to pay rent due to the negative financial impact of the COVID-19 pandemic.

Based on the information submitted to the Rent Program, the median new rent for rent controlled units was \$1,550 in fiscal year 2019-20 (a \$6 decrease compared to the previous fiscal year) and \$1,400 for Fiscal Year 2020-21 (a \$119 decrease compared to Fiscal Year 2019-20). This amount reflects data for rent-controlled units only.

Rent Increase Notices Filed with the Rent Program

FY 2019-2020: 939

FY 2020-2021: 233

For a total:

1,172

Median rent increase for rent-controlled units

FY 2019-2020: \$50

FY 2020-2021: \$39

Median new rent for rent-controlled units

FY 2019-2020: \$1,550

FY 2020-2021: \$1,400

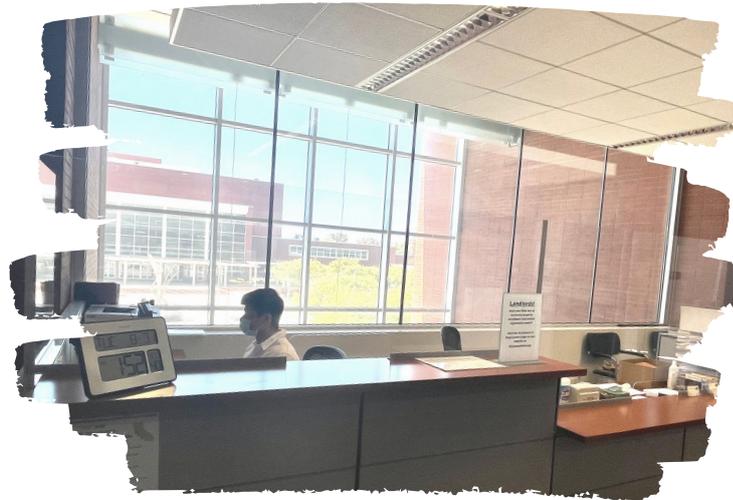


NOTICES OF TERMINATION OF TENANCY FISCAL YEARS 2019-2020 & 2020-2021 ANALYSIS

Richmond's Moratorium on Certain Types of Terminations of Tenancies Led to a Decrease in Certain Types of Just Cause Terminations of Tenancies

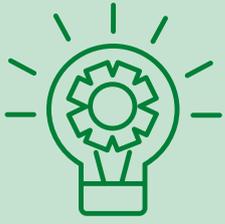
In March of 2021, the Richmond City Council adopted Urgency Ordinance 02-21, establishing a temporary moratorium on certain evictions of residential tenants in Richmond through the state of local emergency and sixty (60) days thereafter. The Urgency Ordinance prohibits evicting a tenant or requiring a tenant to vacate or representing to a tenant that the tenant is required to move out by law, notwithstanding a landlord's right to evict for: (1) nuisance that poses an imminent health or safety threat; (2) failure to pay rent that came due between March 1, 2020 and September 30, 2021, pursuant the COVID-19 Tenant Relief Act and; (3) for withdrawal of the rental unit from the rental market pursuant the Ellis Act.

The City of Richmond Urgency Ordinance led to a decrease in the number of certain Just Cause evictions other than non-payment of rent, such as Owner Move-In evictions and an overall decrease of all termination of tenancy notices filed that were other than non-payment of rent. In the year prior to the pandemic (FY 2018-2019), there were 148 Just Cause termination of tenancies notices filed other than non-payment of rent. In 2019-20 there were 94 Just Cause notices of termination of tenancy filed other than non-payment of rent with the Rent Program, a 36.5% decrease (data referenced on page 14). In Fiscal Year 2020-21 there were 97 Just Cause notices of termination of tenancy other than non-payment of rent filed with the Rent Program. There was a notable increase in nuisance and breach of lease notices of termination of tenancy filed during Fiscal Year 2020-21 compared to Fiscal Year 2019-20.



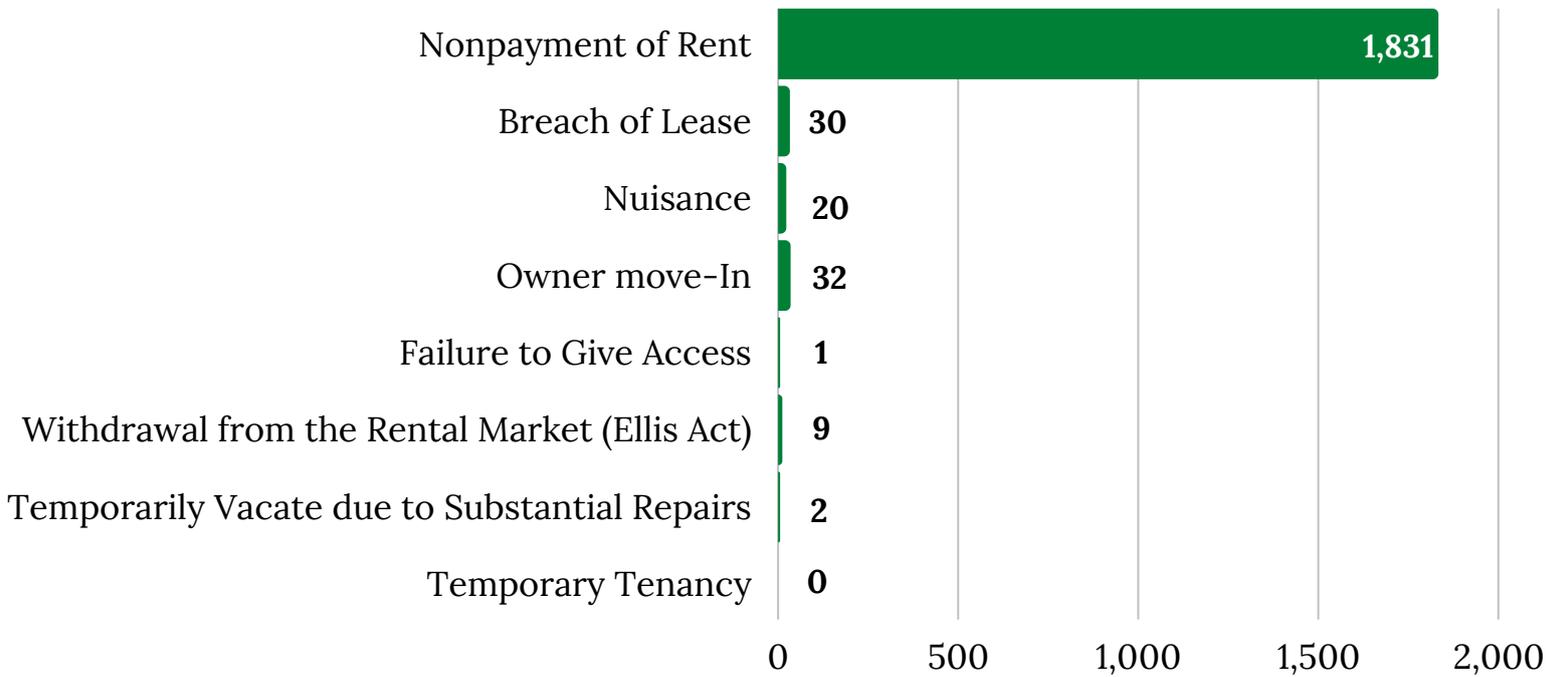
Administrative Student Intern, Abraham Gonzales, processing Termination of Tenancy Notices submitted to the Rent Program.

- Appendix 1- Map of Termination of Tenancy Notices Filed FY 2019-2020 on page 18*
- Appendix 2- Map of Termination of Tenancy Notices Filed FY 2020-2021 on page 19*

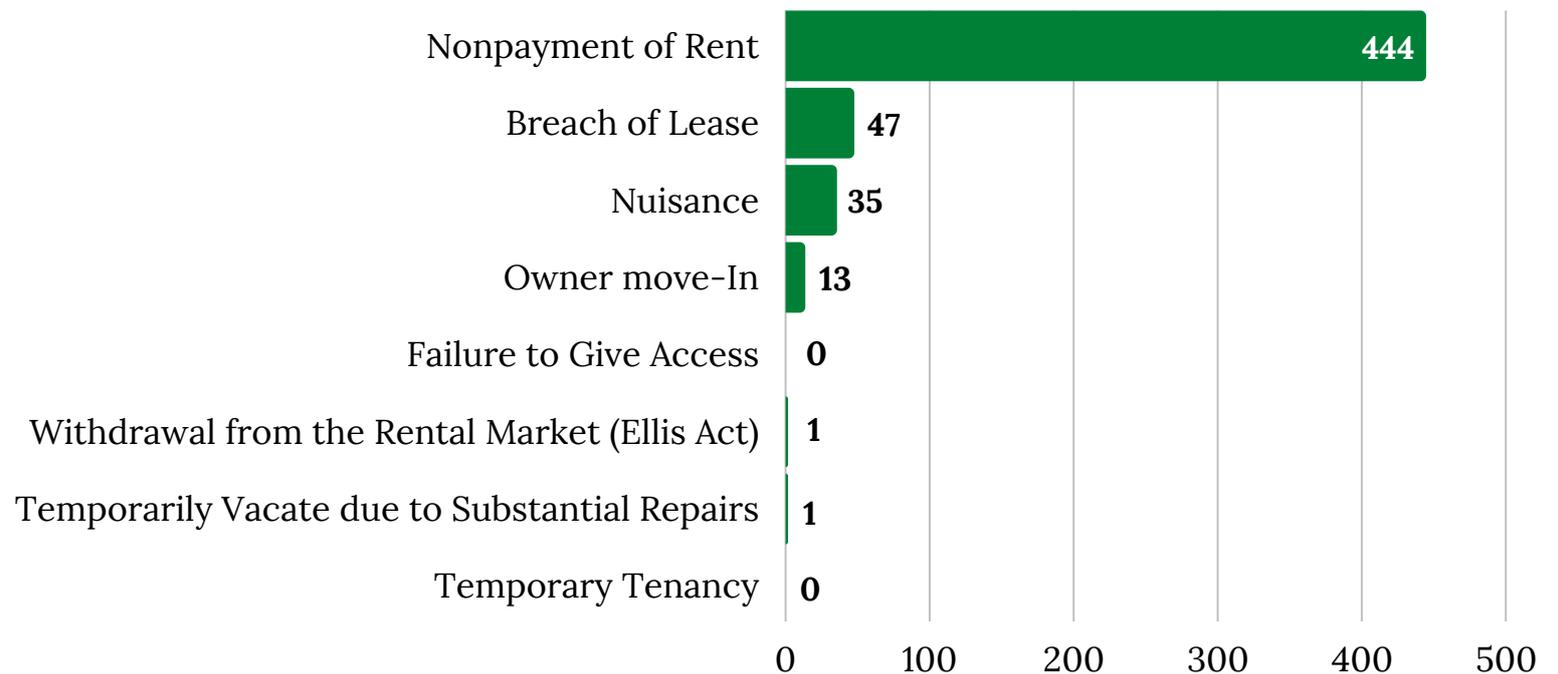


NOTICES OF TERMINATION OF TENANCY FISCAL YEARS 2019-2020 & 2020-2021 BY THE NUMBERS

**Total of Termination of Tenancy Notices Filed with the
Rent Program in FY 2019-2020**



**Total of Termination of Tenancy Notices Filed with the
Rent Program in FY 2020-2021**





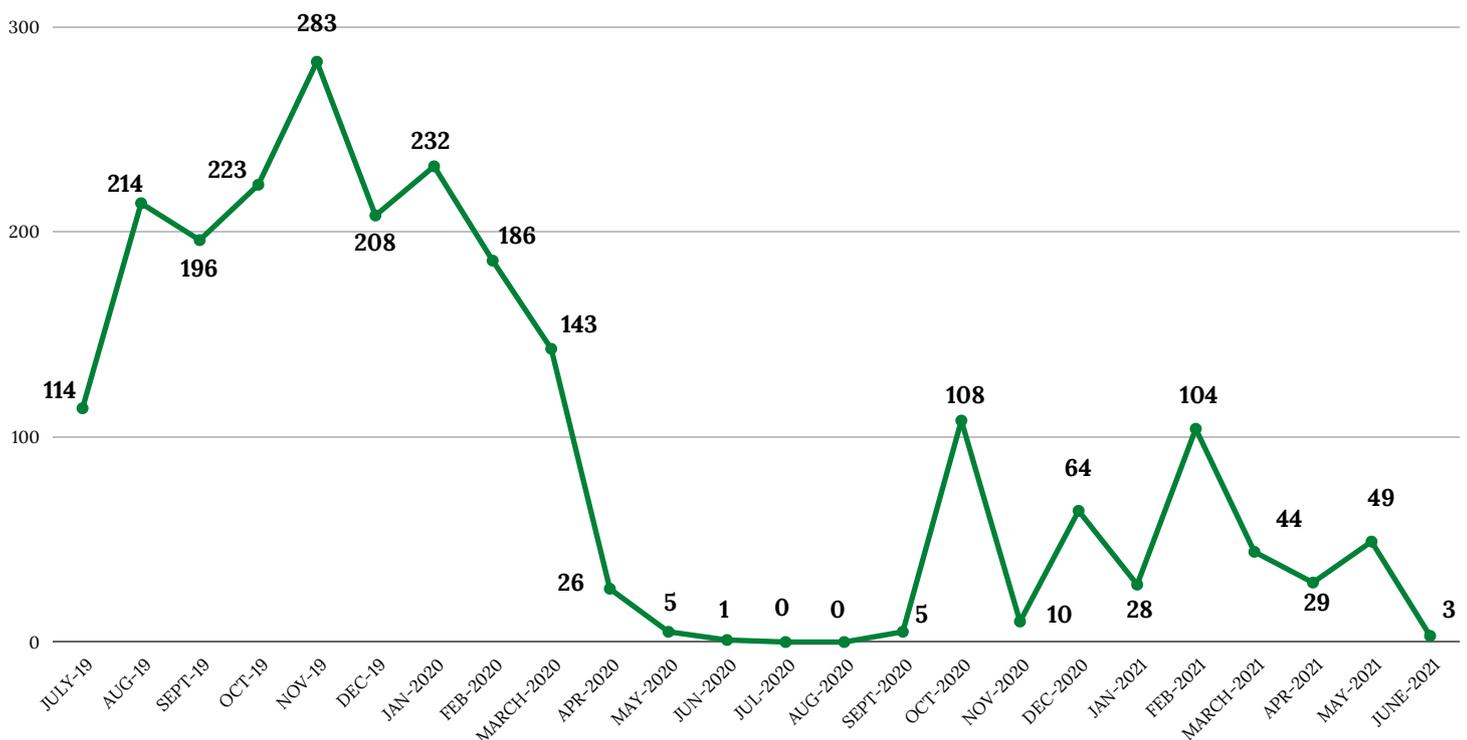
NOTICES OF TERMINATION OF TENANCY NON-PAYMENT OF RENT 2019-2021 ANALYSIS

Local and State Eviction Moratoriums resulted in a significant drop of termination of tenancy notices concerning nonpayment of rent

In both Fiscal Years 2019-20 and 2020-21, approximately 92% of notices of termination of tenancy filed with the Rent Program were for nonpayment of rent. While this percentage trends similar to past fiscal years, the overall number of non-payment termination of tenancy notices submitted decreased significantly. In fact, between June of 2019 and February 2020 (pre-pandemic), the total number of non-payment of rent termination of tenancy notices filed was 1,656. During the COVID-19 pandemic (between March 2020 and June of 2021), 619 non-payment of rent termination of tenancy notices were filed, which is a total decrease of 62.62%.

The significant decrease in termination of tenancy for nonpayment of rent was clearly the connected to the COVID-19 Tenant Relief Act, which prohibited evictions for non-payment of rent for tenants who have experienced financial hardship due to the COVID-19 pandemic (with the caveat that the tenant pays 25% of any rent due between September 1, 2020-September 30, 2021).

**Non-payment of Rent Termination of Tenancy Noticed Filed
FY 2019-2021**



Data source: Richmond Rent Program, 2021; City of Richmond, 2021

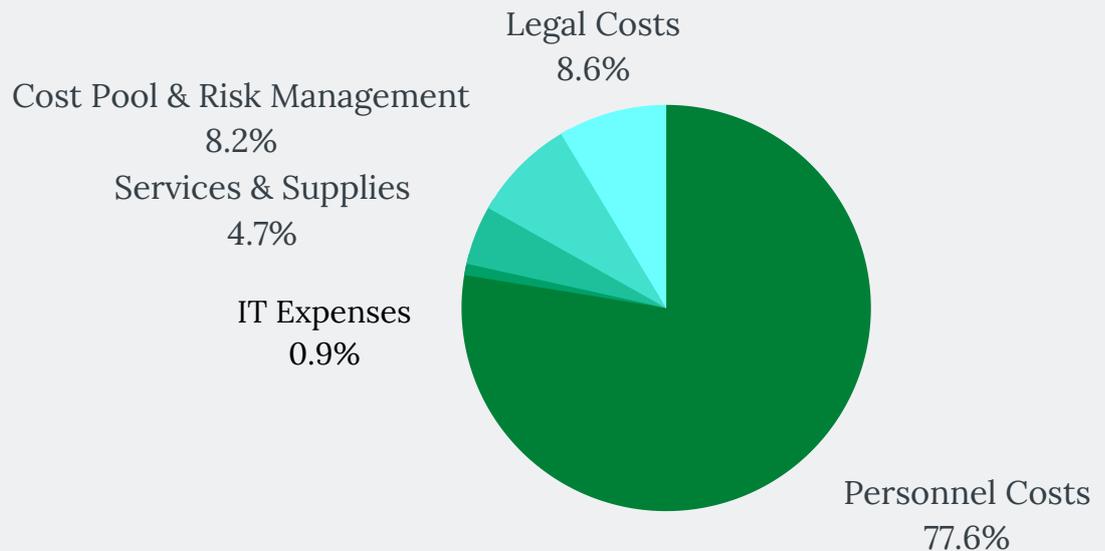


FISCAL YEAR 2019-2020 FINANCIAL SUMMARY

\$2.50 million in budgeted expenses

\$425 thousand in budgeted reserves (17% per GFOA)

\$2.92 million total budget revenue



\$2.26 million in actual expenses

\$2.71 million in Rental Housing Fee revenue collected
92.6% compliance rate

\$441 thousand contributed to the Agency's operating reserves*

*At fiscal year-end the Program maintains a net surplus of operating reserve in the fund balance primarily due to staff vacancies. The reserve will remain to accommodate for potential deficits in future years from reduced compliance and collections. The Program will continue to monitor the rental market and adjust staffing and non-personal expenses accordingly.

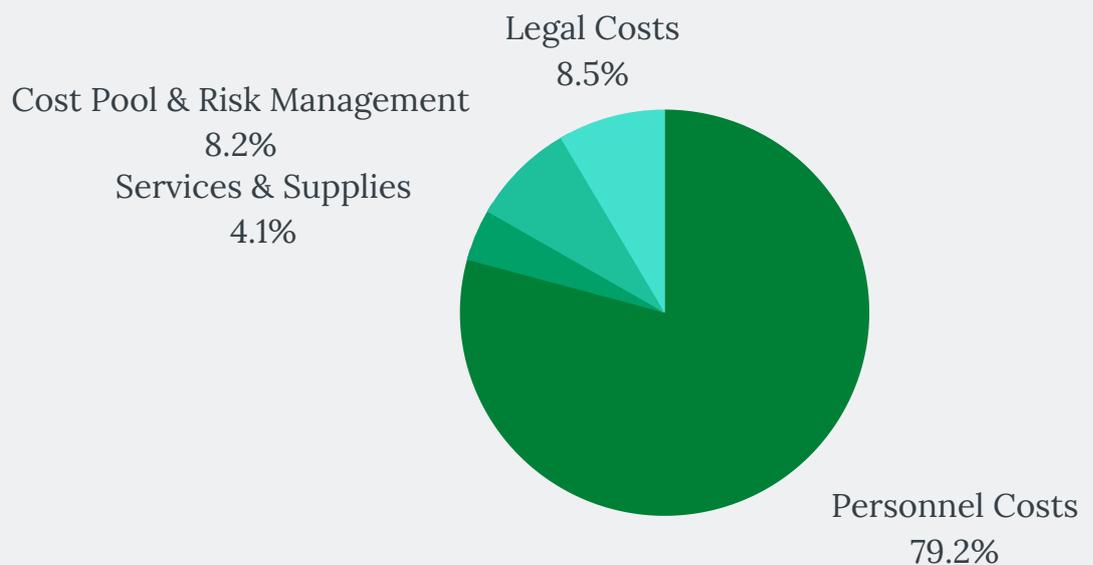


FISCAL YEAR 2020-2021 FINANCIAL SUMMARY

\$2.48 million in budgeted expenses

\$421 thousand in budgeted reserves (17% per GFOA)

\$2.90 million total budget revenue



\$2.14 million in actual expenses

\$2.80 million in Rental Housing Fee revenue collected
96.5% compliance rate

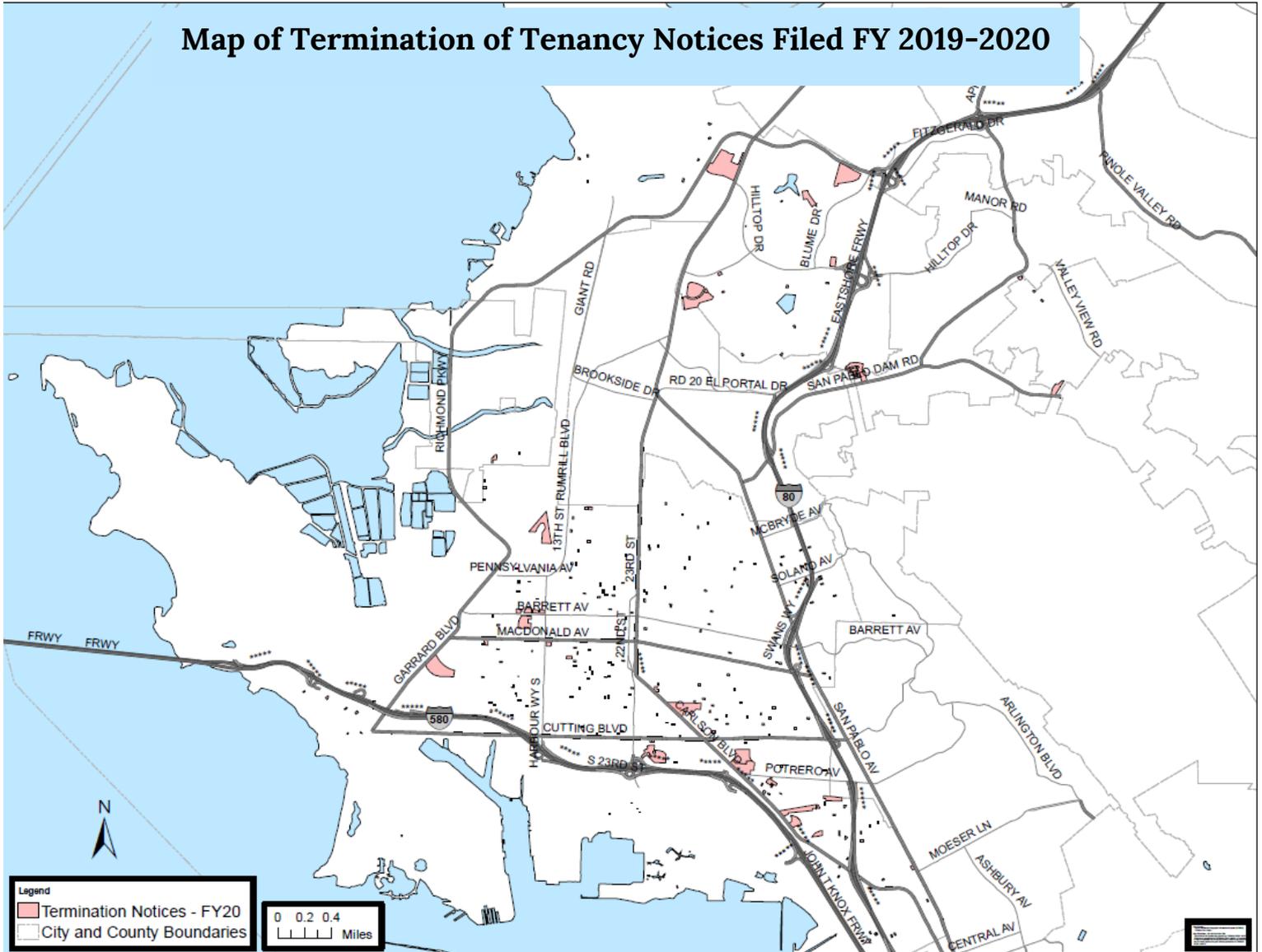
\$653 thousand contributed to the Agency's operating reserves*

*At fiscal year-end the Program maintains a net surplus of operating reserve in the fund balance primarily due to staff vacancies. The reserve will remain to accommodate for potential deficits in future years from reduce compliance and collections. The Program will continue to monitor the rental market and adjust staffing and non-personal expenses accordingly.



APPENDIX 1

Map of Termination of Tenancy Notices Filed FY 2019-2020

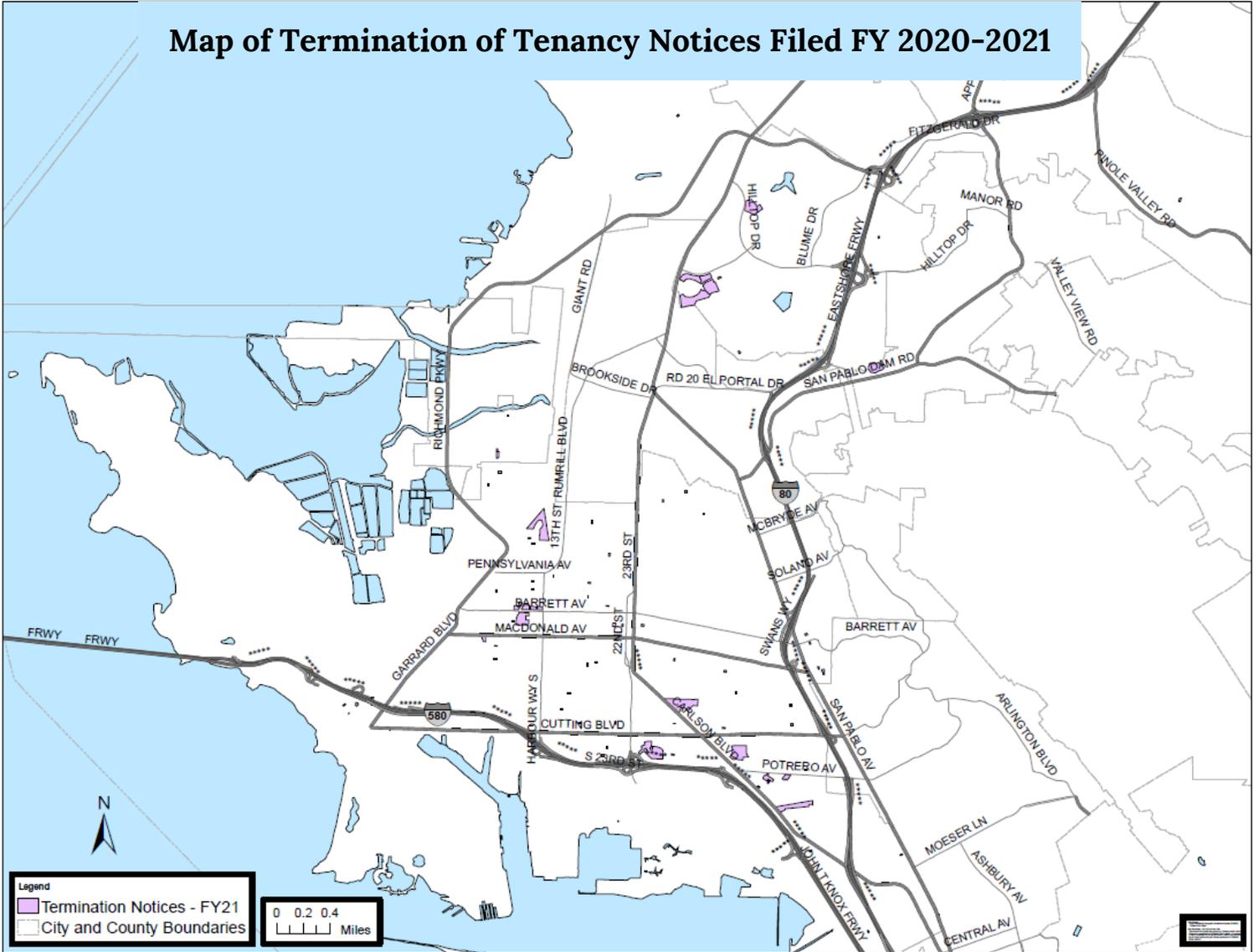


Data source: Richmond Rent Program, 2021; City of Richmond, 2021



APPENDIX 2

Map of Termination of Tenancy Notices Filed FY 2020-2021



Data source: Richmond Rent Program, 2021; City of Richmond, 2021

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Healthy Housing Community Stability Housing Affordability

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This report was created in accordance with Section 11.100.060(e)(6) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, which requires the Rent Board to report annually to the City Council of the City of Richmond on the status of rental housing covered by the Ordinance.

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