

CITY OF SAN RAFAEL

AGENDA ITEM NO.: 14

MEETING DATE: October 1, 2001

REPORT TO MAYOR AND CITY COUNCIL

SUBJECT: Report on Voluntary Fair Rental Practices

SUBMITTED BY: Nancy Mackle RG
Nancy Mackle Rod Gould
Economic Development Director City Manager

RECOMMENDATION: Staff recommends that the City Council accept this interim report regarding the monitoring of Fair Rental Practices.

BACKGROUND: In the Fall and Winter of 2000-01, the City of San Rafael held two community discussions to address the issue of rising residential rents. These discussions were held to address the concerns of San Rafael residents that had received substantial rent increases and feared that they would need to leave San Rafael to seek affordable housing. Approximately 100 people attended the first meeting. Staff researched and analyzed the options identified at the initial discussion and completed a report on the issues, which was presented at the second town discussion in February.

On April 2, 2001, the City Council accepted a report from staff outlining actions that could be undertaken by the City of San Rafael, other organizations and the community to address the issue of rising residential rents.

The recommended actions were to (a) Increase housing supply; (b) Continue partnerships for affordable housing; (c) Improve code enforcement efforts; (d) Improve management of rental units; (e) Increase tenant assistance; (f) Pursue tenant employment opportunities; (g) Accept the voluntary Fair Rental Practices program ("FRPO") proposed by a property owner group. Staff reported on the status of all of these items in the September 4, 2001 report to the City Council.

At the conclusion of the September 4, 2001 meeting, the Council requested follow up information on several issues related to the voluntary fair rental practices program, including;

- I. Number of rental units potentially covered by the FRPO program
- II. Status on notifying tenants regarding their landlords participation in the FRPO program
- III. Information regarding the outcome of the complaints received by Mediation Services.

This report will address those items.

File No: 13-16 x 13-7-1

Agency/Council Meeting 10/1/01

Disposition: City Council accepted interim report regarding the monitoring of Fair Rental Practices, and directed staff to provide additional reporting at the December 17, 2001, City Council Meeting.

ANALYSIS:

Number of Units

There are a total of approximately 9,000 rental units (excluding mobile homes) in San Rafael. This includes apartments, single family homes, duplexes, triplexes, and condominiums, mixed use buildings, and units owned by nonprofits. The targeted type of rental housing for this voluntary effort are buildings with four or more units, owned by private parties (not nonprofits with tax exempt status), and that are not part of a mixed use property. There are approximately 6,100 units of this type of targeted rentals in San Rafael, in 400 properties. The FRPO membership now includes approximately 2,300 units of this type of housing in 150 buildings. FRPO rentals now represent approximately 37% of the targeted rental units in the City.

The information on the number of units is from a database provided by the property owners and checked against a database the Redevelopment Agency purchased from the Assessor. This "master" database is in a format that can be easily sorted and utilized for mailing to the property owners. Staff is appreciative of the efforts of Michael Burke of the FRPO group to develop the database, reducing staff administrative time. Staff has checked the FRPO unit figures and has confirmed the totals reported.

Status on notifying tenants regarding their landlords participation in the FRPO program

The Mayor and FRPO representative Al Aramburu signed a letter to the FRPO owners thanking them for their participation and requesting the FRPO notice be posted at each FRPO property (Exhibit A). This letter was mailed this week. In addition, City staff is working with FRPO representatives to finalize and mail a letter to all tenants residing in the 6,100 rental units in this program. This letter explains the FRPO program and provides the phone number for Mediation Services. This letter will be mailed next week.

Information regarding the outcome of the complaints received by Mediation Services.

At the September 4th City Council meeting, Mediation Services reported 54 complaints from San Rafael residents between July 3, 2001 and August 27, 2001. Between August 28th and September 21st, another 21 complaints were received, bringing the total to 75 to date.

Of the 75 complaints to Mediation, only two were regarding FRPO owners, one related to garbage pickup and the other regarding a maintenance issue (but not a health and safety issue). Fourteen of the complaints related to rent increases and seventeen were regarding notice/eviction issues. The remainder of complaints revolved around health and safety issues, security deposits, landlord harassment and/or discrimination.

All callers are notified of the FRPO program and the tenant organization. Code enforcement complaints are referred to the City's Code Enforcement Program. A total of four callers requested mediation, and three of these have resulted in mediation agreements.

FISCAL IMPACT: None.

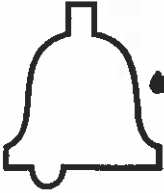
SUMMARY: Staff recommends continuing monitoring the FRPO program with periodic reporting to the Council. Staff recommends the next report occur at the December 17th meeting as part of the Annual Redevelopment Agency housing report which must also be approved by the City Council at the same meeting.

RECOMMENDATION: Accept report and direct staff to provide additional reporting at the December 17, 2001 City Council meeting.

EXHIBITS:

A: Letter from Mayor to FRPO owners.

CITY OF



San Rafael

*Mayor
Albert J. Boro*

*Council Members
Paul M. Cohen
Barbara Heller
Cyr N. Miller
Gary Q. Phillips*

September 17, 2001

Dear San Rafael Property Owner/Manager,

The City of San Rafael would like to commend you for having volunteered to become a "Fair Rental Practices Owner" (FRPO). As a Fair Rental Practices Owner, you have agreed to follow these practices:

- 1) To limit rent increases to no more than once a year for existing tenants.
- 2) To give existing tenants at least 60 days advance notice for all rent increases.
- 3) To keep the amount of rent increases for existing tenants to less than 10% per year.
- 4) To maintain rental buildings in a safe condition as required by law, and to repair in a timely manner any unsafe conditions brought to the owner's attention.
- 5) To encourage other property owners to abide by these same principles for their current properties and existing tenants.

By adopting these principles, you have assisted both the City of San Rafael and the tenants of your building in providing and maintaining rental units at a fair market rate.

In a collaborative effort between representatives of property owners, the City of San Rafael, and Mediation Services, a monitoring program has been set up to track future tenant complaints and concerns both in buildings that are FRPO and buildings that are not. This will help the City to determine whether the volunteer program is working.

The first report from Mediation Services was encouraging. Of the sixty complaints in San Rafael over the past two months, no complaints were lodged against a FRPO owner. The City plans to mail a letter to all tenants in all buildings containing four or more units listing the special Mediation Services telephone number (507-2834).

The City of San Rafael would also like to ask your assistance in two other areas:

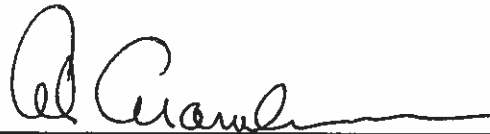
- 1) Proudly post a copy of the attached notice in English and Spanish in a convenient location so that your tenants may know of your participation in the program.
- 2) Volunteer to recruit other landlords who have not yet signed the voluntary practices.

Please feel free to call Stephanie Lovette at the City of San Rafael (485-3460), Al Aramburu at the Marin Association of Realtors (507-1011), or Michael Burke (925-3214) if you have any questions or would like to offer further assistance.

Sincerely,



Al Boro
Mayor
City of San Rafael



Al Aramburu
Director of Local Government Relations
Marin Association of Realtors

FAIR RENTAL PRACTICES OWNER

The owner and management of this building are proud sponsors and supporters of the volunteer program of "Fair Rental Practices". As such, we have agreed:

- 1) To limit rent increases to no more than once a year for existing tenants.
- 2) To give existing tenants at least 60 days advance notice for all rent increases.
- 3) To keep the amount of rent increases for existing tenants to less than 10% per year.
- 4) To maintain rental buildings in a safe condition as required by law and to repair in a timely manner any unsafe condition brought to the owner's attention.
- 5) To encourage other property owners to abide by these principles.

If as a tenant you should have any questions, complaints or concerns about this ownership's compliance with this program, please feel free to contact: Mediation Services at 507-2834.

Los propietarios y la administración de este edificio estamos orgullosos de ser los patrocinadores de este programa voluntario "Fair Rental Practices Owner". Propiamente dicho, estamos de acuerdo con estos principios:

- 1) Limitar el aumento de renta a solamente una vez al año para inquilinos existentes.
- 2) Notificar a los inquilinos existentes del aumento por lo menos 60 días de anticipación.
- 3) Mantener la cantidad de aumento de renta para los inquilinos existentes a menos de 10%.
- 4) Mantener las habitaciones en condición segura como requiere la ley y reparar en manera oportuna cualquier condición que sea peligrosa.
- 5) Animar a otros propietarios para cumplir con estos principios.

Si usted como inquilino tiene preguntas, quejas o preocupaciones con la conformidad del propietario con este programa, por favor llame: Mediation Services (Servicio de Mediación) al número 507-2834.

7

PRESS RELEASE

“Fair Rental Practice Owner” FRPO Presentation to San Rafael City Council, October 1, 2001 Michael J. Burke

The voluntary “Fair Rental Practices” concept is working. It is working because of the large number of San Rafael apartment owners that have signed on and it is working because of the current economy. It is working because owners are voluntarily putting up notices of their involvement in the program while providing the special Mediation Services phone number to tenants should they have any concerns, questions or complaints. It is working because we now have in place volunteer property owners to contact any owner that has received complaints against them through the Mediation Services number.

When this volunteer program was first presented to the city, about 15 per cent of the city’s apartment properties were signed on. That was an impressive number at the time. With thanks to the voluntary efforts of many people, that number has grown significantly. As of the date of the staff report to the council last week, there were 150 verified San Rafael apartment buildings whose owners had signed on as Fair Rental Practices Owners. Out of a total of 400 apartment buildings in San Rafael, that represents over 37% of all buildings. Since last week, I have received additional signatures, bringing that total closer to 40% of all San Rafael apartment buildings.

Thanks to California Land Title Company of San Rafael, we were able to create a database of our targeted group - apartment buildings 4 units and greater. The database was verified by the City against tax rolls provided by the county. Eliminated from the list were mixed-use buildings having a commercial land use designation and buildings owned by non-profit groups or those designated for affordable housing.

Previously reported numbers to the City Council included over 60 additional properties that had signed on but not in the targeted group. These include single family, duplex, triplex and mixed use buildings. These additional buildings were reported in the earlier totals given to the city. The 37-40% figures being reported tonight, are only those owners that have signed on their apartments in the targeted group of 400 buildings with 4 or more apartment units.

About six weeks ago, when I again became involved in the sign up process, a property owner called me seeking advice. He had received my letter about the Fair Rental Practice concept and wanted to support it. He was concerned, however, because he had let his rents get so far behind market. When my letter arrived, he was just about to give a rent increase that would have been above 10% and did not know what to do. We went over what it would cost him to cut back the increase and to spread it over two years. Given the number of owners supporting the program, he did not want to be the one owner making newspaper headlines as being a greedy landlord. He concluded that the Fair Rental

Practice concept was more valuable in the long run than the money he would lose by not bringing his rents to market all at once.

This last week I received another call from an owner who was about to go on an extended vacation. She had signed up and was proudly posting the notice that I had sent her. She was concerned, however, that good friends of hers, also San Rafael apartment owners, had been away and may not have received my letters. She gave me their home phone number, e-mail address and when they were returning so that I could contact them and tell them of her support and encouragement to sign on.

While it will never be possible to sign up all owners, many already follow the fair rental practices concept and have always followed it; they just are not willing to sign the form. The number of sign-ups has reached a point where it is starting to put pressure, however, on those that have not signed on. As more and more owners sign on, as they put up notices on their property that they are proud sponsors of the program, as they put in their ads and "for rent" signs that they are FRPO ("Fair Rental Practices Owners"), as the press starts reporting the large number of owners that are "Fair Rental Practices Owners", tenants will seek out properties that are FRPO and choose to rent from them over non-FRPO buildings.

I want to take a moment to correct a couple of misconceptions. The staff report lists myself as the owner's group representative. I am not. There is no organized group representing San Rafael apartment owners. There are only a few volunteers like myself trying to obtain signatures from 400 different and separate entities. I consider many of these owners clients. Many seek my advice and council, which I am happy to give. Neither myself nor anyone else, however, can speak for, or on behalf of, all or any significant portion of San Rafael apartment owners.

The Fair Rental Practices concept began when a group of about 40 apartment owners met to come up with a response to the city of San Rafael's request for ideas to resolve concerns over rapidly rising rents. Speaking before this group of owners, Tom Bannon of the statewide California Apartment Association (CAA) in Sacramento, suggested a concept that had been used successfully in other cities in California. That was the idea of owners voluntarily agreeing not to raise rents more than 10% in any given year.

The owners present embraced the concept and a small group of volunteers met to draft the actual document. In a second meeting of about the same number of owners, the draft document was given support, signed by those present and presented to the city along with whatever other signatures could be obtained.

In addition to the letter that went out from the Mayor thanking the owners that have signed on and providing them with the notice that can be posted, I have sent owners an additional copy of the notice along with my encouragement to proudly put the notice up in a prominent place on their buildings.

One of the supporters of the program has been the long established Marin Income Property Association (MIPA) the local chapter of the California Apartment Association. Their board of directors and many of their members have been helpful and continue to help in gaining support for the program. Most importantly, they have just agreed to be the recipient of and to follow up with property owners who have received complaints against them through the special mediation number.

The Fair Rental Practices concept is working also because of the current economy. Rents are not rising at the same rate they were a year ago when the first public meetings were held. Market rents that were rising at rates above 10% per year are now flat and in some cases falling. The number of for rent ads countywide is nearly three to four times that of only a year ago. Keep in mind that rents will still rise as many owners have always followed a program of fair rental practices and they have allowed their rents to fall significantly below market.

In conclusion, I do not believe, given current market conditions combined with the pressure of so many signing on to be "Fair Rental Practices Owners", that anyone could conceive of raising rents now at the rates that brought this issue to the City's attention in the first place.

Thank you.

Michael Burke

Michael J. Burke is a real estate agent with Frank Howard Allen Realtors and has specialized in Marin and Sonoma apartment sales since 1973. He has served as the chairman of the Commercial & Investment Committee of the Marin Association of Realtors, is on the board of directors of the Marin Income Property Association and was appointed and serves on Marin County's Housing Discrimination Task Force. Correspondence can be addressed, faxed or e-mailed as follows: Michael J. Burke, Frank Howard Allen Realtors, 511 Sir Francis Drake Blvd., Greenbrae, CA 94904, (415)-925-3214, fax 461-5414, e-mail mburke@fhallen.com.