

DRAFT
City-Initiated Charter Amendment

SECTION 1. Title. Amendment to the Community Stabilization and Fair Rent Act.

SECTION 2. Article XVII (Community Stabilization and Fair Rent Act) of the Mountain View Charter shall be revised as follows:

Section 1700. Title and Purpose.

This Amendment shall be known as the Mountain View Community Stabilization and Fair Rent Charter Amendment. The purpose of this Amendment is to promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Mountain View by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law, while ensuring Landlords a fair and reasonable return on their investment and guaranteeing fair protections for renters, homeowners, and businesses.

Section 1701. Findings.

The People of Mountain View find and declare as follows:

(a) WHEREAS, as published in a July 2015 Trends Report by RealFacts, a rental market data provider, the average monthly asking rent within the City of Mountain View has risen 52.7 percent from 2011 to 2015, while the median household income in Santa Clara County has only risen 1.2 percent during that same period; [2] and

(b) WHEREAS, almost one-third of Mountain View households (32 percent or 10,155 Mountain View households) have incomes less than 80 percent of the Area Median Income (AMI), [3] the low-income threshold as defined and annually published by the U.S. Department of Housing and Urban Development; and

(c) WHEREAS, Mountain View's 2015-20 Consolidated Plan data (derived from HUD- provided data) indicated the most common housing problem is that households are cost-burdened, [4] with 36 percent of renter households overall (6,485 households) paying more than 30 percent of their income toward housing costs, and 18 percent of renter households (3,265 households) in Mountain View are severely cost-burdened, paying more than 50 percent of their income toward rent; and

(d) WHEREAS, while high rents could impact the finances of all households, the 2015-20 Consolidated Plan documents that lower-income renter households are much more likely than higher-income groups to experience cost burden, with 35 percent of low-income renter households (2,250 households) paying more than 30 percent of their income toward their housing costs, compared to 14 percent of lower-income ownership households (580 households). Additionally, 61 percent of renter households (1,980

households) who pay more than 50 percent of their income toward housing costs are lower income compared to 29 percent of owner households (480 households); and

(e) WHEREAS, according to the Cities Association of Santa Clara County and Housing Trust Silicon Valley, the Association of Bay Area Governments (ABAG) projects that over the next 25 years, 57 percent of all household growth in the Bay Area, which includes the City of Mountain View, will consist of very low- and low-income households; and

(f) WHEREAS, according to the U.S. Census Bureau 2009-2013 American Community Survey, a majority, 57 percent, of all units in the City are occupied by renter households; [5] and

(g) WHEREAS, according to U.S. Census Bureau 2009-2013 American Community Survey, in 2010, 3 percent of families and 6.8 percent of all people in Mountain View lived below the poverty level, and by 2013, the number of households that had fallen into poverty had increased substantially with 5.7 percent of families and 8.1 percent of all people living below the poverty level; and

(h) WHEREAS, the implementation of rent relief strategies is supported by the City's adopted 2014-23 Housing Element: Goal 2, to provide assistance to households at different income levels to address their housing needs; Policy 2.1, to assist extremely low-, very low-, low-, and moderate-income households in renting a home in Mountain View; and Program 2.4, promoting anti-displacement strategies; and

(i) WHEREAS, excessive rental increases have resulted in increased homelessness, families living in vehicles, and the displacement of low-income families in the City of Mountain View; and

(j) WHEREAS, increasing poverty in Mountain View, decreasing AMI, and increasing rents have created a growing "affordability gap" between incomes and rents demonstrated by the increase in "overpaying renter households" and overcrowded households; and

(k) WHEREAS, on multiple occasions in 2015 and 2016 members of the community have expressed their concerns to the City Council regarding the rental housing situation in the City of Mountain View and reported excessive rental increases and the service of no-cause notices of termination of tenancy for tenants on month-to-month tenancies; and

(l) WHEREAS, Mountain View is experiencing a jobs/housing imbalance and the housing supply, particularly available rental housing, is not adequate to serve the needs of the community; and

(m) WHEREAS, the City of Mountain View currently does not regulate rental amounts, rent increases, or evictions from residential housing; and

(n) WHEREAS, as of October 19, 2015, when, in response to public outcry about dramatically rising rents and no-cause evictions, the City Council of Mountain View convened a "Study Session" on "Consideration of Rent Relief Program Options," at which invited speakers publicly addressed the City Council about policy options to protect tenants, including Rent Stabilization and Just Cause for Eviction, it was foreseeable that rent and eviction regulation were under consideration for the City of Mountain View, thus making it reasonable to conclude that landlords would increase rents to levels they otherwise would not have in anticipation of imminent regulation;

(o) WHEREAS, in the absence of city regulation or rental amounts, rent increases or residential evictions, tenants in the City of Mountain View have expressed that they are being displaced as a result of evictions or their inability to pay excessive rent increases and must relocate, but as a result of the housing shortage are unable to find decent, safe and healthy housing at affordable rent levels; and that some renters attempt to pay requested rent increases, but as a consequence must expend less on other necessities of life, such as food, transit, and healthcare; and

(p) WHEREAS, the foregoing housing and economic conditions create a detrimental effect on substantial numbers of renters in the City and are a threat to the public health, safety and welfare, and a particular hardship for senior citizens, persons on fixed incomes, families with children, and other vulnerable tenants; and

(q) WHEREAS, eviction from residential housing imposes adverse impacts on the displaced Tenants, including numerous financial costs, including but not limited to packing costs, moving costs, lost wages due to taking time off work to search for alternative housing, the cost of applying to alternative housing, hotel costs or other temporary housing expenses required until suitable long-term alternative housing is obtained, and the cost a new security deposit; and

(r) WHEREAS, eviction or other displacement imposes an especially high burden on school-aged children and their families, including increased absence from school and other educational disruption that can have long-lasting effects;

(s) WHEREAS nearly all rental housing requires that prospective tenants pay three months' rent up front in order to secure a lease - generally representing the first month's rent, last month's rent, and security deposit, imposing accumulated relocation expenses on a displaced household frequently in excess of \$10,000.00; and

(t) WHEREAS this binding finding concludes that the just cause for eviction protections amended by the voters of Mountain View are more protective than the protections codified in Civil Code section 1946.2 because this Article: further limits the reasons for termination of a residential tenancy; provides for higher relocation assistance amounts; and provides additional tenant protections that are not prohibited by any other provision of law.

Section 1702. Definitions.

Unless further defined elsewhere in this Article, the following words or phrases as used in this Article shall have the following meanings:

(a) Annual General Adjustment. The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article.

(b) Base Rent. The Base Rent is the reference point from which the lawful Rent shall be determined and adjusted in accordance with this Article.

(1) Tenancies commencing on or before October 19, 2015. The Base Rent for tenancies that commenced on or before October 19, 2015 shall be the Rent in effect on October 19, 2015.

(2) Tenancies commencing after October 19, 2015. The Base Rent for tenancies that commenced after October 19, 2015 shall be the initial rental rate charged upon initial occupancy, provided that amount is not a violation of this Article or any provision of state law. The term "initial rental rate" means only the amount of Rent actually paid by the Tenant for the initial term of the tenancy.

(c) Committee. The term "Committee" refers to the Mountain View Rental Housing Committee established by this Article.

(d) Covered Rental Units. All Rental Units not specifically exempted by this Article.

(e) City Council. The term "City Council" refers to the City Council of the City of Mountain View.

(f) Disabled. The term "Disabled" is defined in Govt. Code Section 12955.3.

(g) Hearing Officer. An official appointed by the Committee to conduct an investigation or administrative hearing pursuant to this Article.

(h) Housing Services. Housing Services include, but are not limited to, repairs, maintenance, painting, providing light, hot and cold water, heat, elevator service, window shades and screens, storage, kitchen, bath and laundry facilities and privileges, janitor services, Utility Charges that are paid by the Landlord, refuse removal, furnishings, telephone, parking, the right to have a specified number of occupants, and any other benefit, privilege or facility connected with the use or occupancy of any Rental Unit. Housing Services relating to a Rental Unit shall include a proportionate part of services provided to common facilities of the building in which the Rental Unit is contained.

(i) Individual Rent Adjustment. An adjustment to the otherwise lawful Rent authorized by a Hearing Officer or the Committee pursuant to this Article.

(j) Landlord. An owner, lessor, sublessor or any other person entitled to receive Rent for the use and occupancy of any Rental Unit, or an agent, representative, predecessor, or successor of any of the foregoing.

(k) Petition. A petition for Individual Rent Adjustment pursuant to this Article.

(l) Primary Residence. The occupant's usual place of return. To classify a unit as an occupant's Primary Residence does not require that the occupant be physically present in the unit at all times or continuously, but does require that the unit be the occupant's usual place of return. Factors that are indicative of Primary Residence include but are not limited to:

(1) The occupant carries on basic living activities at the subject premises for extended periods;

(2) The subject premises are listed with public agencies, including but not limited to federal, state and local taxing authorities, as the occupant's primary residence;

(3) Utility Charges and other charges and fees associated with usage of the structure are billed to and paid by the occupant at the subject premises;

(4) The occupant does not file for a homeowner's tax exemption for any different property;

(5) The occupant is not registered to vote at any other location; and

(6) Ownership is held in the name of the occupant claiming Primary Residence and not held by a Limited Liability Corporation or other corporate or business entity structure.

(m) Property. ~~All~~ The term "Property" generally refers to a single, legal parcel or lot and includes all Rental Units on a parcel or lot or contiguous parcels or contiguous lots located on that parcel. In limited circumstances "Property" may refer to more than one legal parcel if the parcels are contiguous, under common ownership, and constitute one development.

(n) Recognized Tenant Organization. Any group of Tenants residing in Rental Units in the same building or in different buildings operated by the same management company, agent or Landlord, who choose to be so designated. This shall also include any other at-large organization that represents the interest of Tenants.

(o) Relocation Assistance. Financial assistance in the amounts set forth in Mountain View City Code, Article XIII, sections 36.38.15, including without limitation Subsection 36.38.15(d) regarding "Special-circumstances" households as defined in Mountain View City Code, Article XIII, sections 36.38.05(g).

(p) Rent. All periodic payments and all nonmonetary consideration including, but not limited to, the fair market value of goods, labor performed or services rendered to or for the benefit of the Landlord under a Rental Housing Agreement concerning the use or occupancy of a Rental Unit and premises and attendant Housing Services, including all payment and consideration demanded or paid for parking, Utility Charges, pets, furniture, and/or subletting.

(q) Rental Housing Agreement. An agreement, oral, written, or implied, between a Landlord and Tenant for use or occupancy of a Rental Unit and for Housing Services.

(r) Rental Housing Fee. The fee described in Subsection 1709(j)(4) herein.

(s) Rental Unit. Any building, structure, or part thereof, or land appurtenant thereto, or any other rental property rented or offered for rent for residential purposes, together with all Housing Services connected with use or occupancy of such property, such as common areas and recreational facilities held out for use by the Tenant.

(t) Single-Family Home. A detached building containing a single residential dwelling unit separately alienable from any other dwelling unit.

(u) Tenant. A Tenant, subtenant, lessee, sublessee or any other person entitled under the terms of a Rental Housing Agreement or this Article to the use or occupancy of any Rental Unit.

(v) Utility Charges. Any charges for gas, electricity, water, garbage, sewer, telephone, cable, internet, or other service relating to the use and occupancy of a Rental Unit.

(w) Written Notice to Cease. A written notice provided by a Landlord that gives a Tenant an opportunity to cure an alleged violation or problem prior to service of a notice to terminate tenancy. Any Written Notice to Cease must:

- (1) Provide the Tenant a reasonable period to cure the alleged violation or problem;
- (2) Inform the Tenant that failure to cure may result in the initiation of eviction proceedings;
- (3) Inform the Tenant of the right to request a reasonable accommodation;
- (4) Inform the Tenant of the contact number for the Committee; and
- (5) Include sufficient details about the conduct underlying the Written Notice to Cease that allow a reasonable person to comply.

Section 1703. Exemptions.

(a) Fully Exempt (Exempt from Both Rent Stabilization and Just Cause for Eviction). The following Rental Units are exempt from all provisions of this Article:

(1) Units in hotels, motels, inns, tourist homes and rooming and boarding houses which are rented primarily to transient guests for a period of fewer than thirty (30) days as defined in Mountain View City Code section 33.1(d);

(2) Rental Units in any hospital, convent, monastery, extended medical care facility, asylum, non-profit home for the aged for which an income tax exemption has been approved by the U.S. Internal Revenue Service, or dormitory owned and operated by an accredited institution of higher education;

~~(3) Rental Units owned or operated or managed by a not-for-profit organization pursuant to a tax credit program;~~

(3) Rental Units with Rents that are controlled or regulated to be affordable to low-, very low-, or extremely low-income household (as defined in California Health and Safety Code sections 50093, 50105, and 50106) by any government unit, agency, or authority in accordance with a recorded restriction or covenant;

(4) Rental Units which a government unit, agency or authority owns, operates, or manages, or in which governmentally-subsidized Tenants reside, if applicable federal or state law or administrative regulation specifically exempt such units from municipal rent control;

(5) Rental Units with first certificate of occupancy after the effective date of this Article (December 23, 2016); and

(6) Rental Units additionally exempted pursuant to Section 1704.

(7) Mobilehomes and spaces or lots for mobilehomes.

(b) Partially Exempt (Just Cause for Eviction Applies). The following Rental Units are exempt from Sections 1706, 1707, and 1708 of this Article (regarding Stabilization of Rents) and from Sections 1710 and 1711 (regarding Petitions for Individual Rent Adjustment), but are not exempt from Section 1705 (Just Cause for Eviction Protections):

(1) Rental Units with an initial certificate of occupancy dated between February 1, 1995 and the effective date of this Article (December 23, 2016); and

(2) Rental Units governed by Mountain View City Code Chapter 36, Article XIV ("Affordable Housing Program") to the extent permissible by law.

Section 1704. Additional Homeowner Protections.

Homeownership is of great importance to the residents of the City of Mountain View. In addition to the Rental Units exempted in Subsection 1703(a) of this Article, the following Rental Units are also Fully Exempt from this Article:

(a) Single-Family Homes and Condominiums. Single-family homes, condominiums, and other Rental Units specified in Civil Code § 1954.52(a)(3)(A), as it may be amended.

(b) Companion Units. A Rental Unit that is permitted and in compliance with Mountain View City Code Chapter 36, Article IV, Division 10, as it may be amended.

~~(c) Duplexes: Rental Units in a single structure with fewer than three dwelling units being used as residential housing, as defined in Mountain View City Code Section 36.60.11.~~

(c) Duplexes: Both Rental Units, if there are no more than two Rental Units located on a single, legal parcel. To the extent a Rental Unit was Fully Exempt under a prior version of this Section 1704 of this Article, the date June 25, 2019 shall be substituted as the applicable Base Rent date under Section 1702(b).

Section 1705. Just Cause for Eviction Protections.

(a) No Landlord shall take action to terminate any tenancy, including but not limited to making a demand for possession of a Rental Unit, threatening to terminate a tenancy orally or in writing, serving any notice to quit or other eviction notice, or bringing any action to recover possession, or be granted recovery of possession of a Rental Unit unless at least one of the following conditions exists:

(1) *Failure to Pay Rent.* The Tenant has failed, after three days' written notice as provided by law, to pay the amount stated in the notice, so long as the amount stated does not exceed the Rent to which the Landlord is legally entitled under the Rental Housing Agreement, this Article, state, and any other local law.

(2) *Breach of Lease.* The Tenant has continued, after the Landlord has served the Tenant with Written Notice to Cease, to substantially violate any of the material terms of the Rental Housing Agreement, except the obligation to surrender possession on proper notice as required by law, and provided that such terms are reasonable and legal and have been accepted in writing by the Tenant; and provided further that, where such terms have been accepted by the Tenant or made part of the Rental Housing Agreement subsequent to the initial creation of the tenancy, the Landlord shall have first notified the Tenant in writing that he or she need not accept such terms.

(A) Notwithstanding any contrary provision in this Section, a Landlord shall not take any action to terminate a tenancy based on a Tenant's sublease of the Rental Unit if the following requirements are met:

(i) The Tenant continues to reside in the Rental Unit as his, her, or their Primary Residence;

(ii) The sublessee replaces one or more departed Tenants under the Rental Housing Agreement on a one-for-one basis; and

(iii) The Landlord has unreasonably withheld the right to sublease following written request by the Tenant. If the Landlord fails to respond to the Tenant in writing within fourteen (14) days of receipt of the Tenant's written request, the Tenant's request shall be deemed approved by the Landlord. A Landlord's reasonable refusal of the Tenant's written request may not be based on the proposed additional occupant's lack of creditworthiness, if that person will not be legally obligated to pay some or all of the Rent to the Landlord. A Landlord's reasonable refusal of the Tenant's written request may be based on, but is not limited to, the ground that the total number of occupants in a Rental Unit exceeds the maximum number of occupants as determined under Section 503(b) of the Uniform Housing Code as incorporated by Health & Safety Code Section 17922.

(B) **Protections for Families.** Notwithstanding any contrary provision in this Section, a Landlord shall not take any action to terminate a tenancy as a result of the addition to the Rental Unit of a Tenant's child, parent, grandchild, grandparent, brother, or sister, or the spouse or domestic partner (as defined in California Family Code Section 297) of such relatives, or as a result of the addition of the spouse or domestic partner of a Tenant, so long as the number of occupants does not exceed the maximum number of occupants as determined under Section 503(b) of the Uniform Housing Code as incorporated by California Health & Safety Code 17922. The Committee may promulgate regulations that will further protect families and promote stability for school-aged children.

(3) *Nuisance.* The Tenant has continued, after the Landlord has served the Tenant with a Written Notice to Cease, to commit or expressly permit a nuisance in the Rental Unit.

(4) *Criminal Activity.* The Tenant has continued, after the Landlord has served the Tenant with a Written Notice to Cease, to be so disorderly as to destroy the peace, quiet, comfort, or safety of the Landlord or other tenants at the Property. Such disorderly conduct includes violations of state and federal criminal law that destroy the peace, quiet, comfort, or safety of the Landlord or other tenants at the Property.

(5) *Failure to Give Access.* The Tenant has continued to refuse, after the Landlord has served the Tenant with a Written Notice to Cease and without good cause, to grant the Landlord reasonable access to the Rental Unit as required by state or local law.

(6) *Necessary and Substantial Repairs Requiring Temporary Vacancy.* The Landlord, after having obtained all necessary permits from the City, and having provided written notice to the Tenant pursuant to state law, seeks in good faith to

undertake substantial repairs that are necessary to bring the Rental Unit into compliance with applicable codes and laws affecting the health and safety of tenants of the building, provided that:

(A) The repairs necessitate that the Tenant vacate the Rental Unit because the work will render the rental unit uninhabitable for a period of not less than thirty (30) days;

(B) The Landlord gives advance notice to the Tenant of the Tenant's right to elect between:

(i) The right of first refusal to any comparable vacant Rental Unit owned by the Landlord at the same Rent, if such comparable vacant unit exists; or

(ii) The first right of return to reoccupy the unit upon completion of the repairs at the same Rent charged to the Tenant before the Tenant temporarily vacated the Rental Unit.

(iii) In the event that the Tenant elects to accept an offer to move to a comparable vacant Rental Unit at the same Rent, the Tenant is not eligible for any Relocation Assistance pursuant to Subsection 1705(b) herein.

(C) In the event the Landlord files a Petition for Individual Rent Adjustment within six (6) months following the completion of the work, the Tenant shall be party to such proceeding as if he or she were still in possession, unless the Landlord shall submit with such application a written waiver by the Tenant of his or her right to reoccupy the premises pursuant to this Subsection.

(7) *Owner Move-In.* The Landlord seeks, after providing written notice to the Tenant pursuant to state law, to recover possession of the Rental Unit in good faith for use and occupancy as a Primary Residence by the Landlord, or the Landlord's spouse, domestic partner, children, parents or grandparents.

(A) As used in this Subsection "Landlord," shall only include a Landlord that is a natural person and has at least a fifty percent (50%) recorded ownership interest in the Property.

(B) No eviction may take place under this Subsection if the same Landlord or enumerated relative already occupies a unit on the Property, or if a vacancy already exists on the Property. At all times a Landlord may request a reasonable accommodation if the Landlord or enumerated relative is Disabled and another unit in Mountain View is necessary to accommodate the person's disability.

(C) Any notice terminating tenancy pursuant to this Subsection shall contain the name, address and relationship to the Landlord of the person intended to occupy the Rental Unit.

(D) The Landlord or enumerated relative must intend in good faith to move into the Rental Unit within sixty (60) days after the Tenant vacates and to occupy the Rental Unit as a Primary Residence for at least thirty-six (36) consecutive months. The Committee may adopt regulations governing the determination of good faith.

(E) If the Landlord or relative specified on the notice terminating tenancy fails to occupy the Rental Unit within sixty (60) days after the Tenant vacates, the Landlord shall:

(i) Offer the Rental Unit to the Tenant who vacated it at the same Rent in effect when the Tenant vacated; and

(ii) Pay to said Tenant all reasonable expenses incurred in moving to and from the Rental Unit.

(F) A Landlord may not evict a Tenant pursuant to this Subsection if the Tenant

(i) has resided in the Rental Unit for at least five (5) years and is either at least sixty-two (62) years old or Disabled; or

(ii) is certified as being terminally ill by the Tenant's treating physician. Notwithstanding the above, a Landlord may evict a Tenant who qualifies for the exemption herein if the Landlord or enumerated relative who will occupy the Rental Unit also meets the criteria for this exemption and no other units are available.

(8) *Withdrawal of the Unit Permanently from Rental Market.* The Landlord seeks in good faith to recover possession to withdraw all Rental Units of an entire Property from the rental market. If there are two or more structures on the Property that each contain four or more Rental Units, then the Landlord may withdraw either all Rental Units on the Property or all Rental Units contained in any single structure from the rental market. The Landlord first must have filed the requisite documents with the Committee initiating the procedure for withdrawing Rental Units from rent or lease under Government Code Section 7060 et seq. and all regulations passed by the Committee, with the intention of completing the withdrawal process and going out of the rental business. Tenants shall be entitled to a minimum of 120-day notice- ~~or one (1) year~~ ~~in the case~~ ~~Tenants are defined if the Tenant qualifies~~ as senior or Disabled under Government Code Section 12955.3. Notice times may be increased by regulations if state law allows for additional time.

(9) *Demolition.* The Landlord, having obtained all necessary permits from the City, and having provided written notice to the Tenant pursuant to state law, seeks in good faith to recover possession of the Rental Unit to remove the Rental Unit permanently from rental housing use through demolition.

(b) Relocation Assistance.

(1) A landlord seeking to recover possession under Subsections (a)(6)-(9) herein shall provide Relocation Assistance to affected Tenant households. The Relocation Assistance required herein shall be a minimum amount. The City Council may increase the dollar amounts of Relocation Assistance pursuant to its powers under law. The Landlord shall notify the affected Tenants of their rights under this Subsection, if any, at the time of service of the notice to quit.

(2) The Committee shall issue rules and regulations to effectuate this Subsection including but not limited to rules and regulations setting forth the procedures for establishing the amount of Relocation Assistance applicable to any given Tenant household, and for the reasonably timely payment of any applicable Relocation Assistance.

(3) For purposes of this Article, Relocation Assistance shall be available to all Tenant households eligible under this Article whose household income does not exceed one-hundred-and-twenty percent (120%) of the median household income for Santa Clara County as adjusted for household size according to the United States Department of Housing and Urban Development.

(c) First Right of Return. All Tenants whose tenancy is terminated based upon a basis enumerated in Subsections (a)(6)-(9) herein shall have the first right of return to the Rental Unit if that Rental Unit is returned to the market by the Landlord or successor Landlord. Rent for the Rental Unit shall be the Rent lawfully paid by the Tenant at the time the Landlord gave notice of termination based upon Subsections (a)(6)-(9) herein, plus Annual General Adjustments available under Section 1707.

(d) Retaliation is Barred. Notwithstanding the above provisions, no Landlord shall take action to terminate any tenancy or otherwise recover possession of a Rental Unit in retaliation for the Tenant reporting violations of this Article, for exercising rights granted under this Article, or for forming or participating in a Recognized Tenant Organization.

(e) Notice to Specify Basis for Termination. Any notice purporting to terminate tenancy on any of the bases specified in this Section must state with specificity the basis on which the Landlord seeks to terminate the tenancy.

(f) Landlord Compliance with this Article. In any action brought to recover possession of a Rental Unit, the Landlord shall allege compliance with this Article.

(g) Filing Termination Notices with Committee. The Landlord shall file with the Committee a copy of any notice terminating tenancy within three (3) days after serving the notice on the Tenant.

(h) Failure to comply. A Landlord's failure to comply with any requirement of this Article, including without limitation the failure to serve any of the required notices on the Committee pursuant to Subsection herein, is a complete affirmative defense in an unlawful detainer or other action brought by the Landlord to recover possession of the Rental Unit.

Section 1706. Stabilization of Rents.

(a) Rents Stabilized. Upon the effective date of this Article, no Landlord shall charge Rent in an amount that exceeds the sum of the Base Rent plus any lawful Rent increases actually implemented pursuant to this Article.

(b) Rent Increases Regulated. No Landlord shall increase Rent for a Covered Rental Unit except as authorized by this Article. Rent increases shall be limited to those imposed pursuant to Section 1707 (Annual General Adjustment) ~~and~~, Section 1710(a) (Petition for Upward Adjustment—Fair Rate of Return), and Section 1710(e) (Increases for Specified Capital Improvements). A Landlord may set the initial Rent for a new tenancy pursuant to Section 1708 (Initial Rents for New Tenancies).

(c) Security Deposit at Commencement of Tenancy Only. No Landlord shall increase a security or other deposit originally required from a Tenant as a condition of occupancy of a Rental Unit.

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

(a) Annual General Adjustment. No later than June 30th each year, the Committee shall announce the amount of the Annual General Adjustment, which shall be effective as of September 1st of that year. The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article.

(1) The Annual General Adjustment shall be equal to one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San ~~Francisco-Oakland-San Jose~~ Francisco-Oakland-Hayward region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending as of ~~March~~ February of the current year. The Annual General Adjustment shall be rounded to the nearest one-tenth of a percent.

(2) Subparagraph 1 of this Subsection notwithstanding, in no event shall the Annual General Adjustment be less than two percent (2%) or more than five percent (5%).

(3) Pursuant to Subsection (a) herein, the Committee's first announcement of an Annual General Adjustment shall be made no later than June 30, 2017. Accordingly, the first Rent increase that a Landlord may impose pursuant to this Article shall not take effect prior to September 1, 2017.

(b) One Rent Increase Per Year. No more than one Rent increase per twelve-month period may be imposed on a Tenant.

(c) Notice of Rent Increase Required. Allowable Rent increases pursuant to the Annual General Adjustment shall become effective only after the Landlord provides written notice to the Tenant in the manner prescribed by law, with at least thirty (30) days' advance written notice.

(d) Banking of Unimplemented Annual General Adjustments. A Landlord who refrains from imposing a Rent increase or any portion thereof pursuant to an Annual General Adjustment may accumulate said increase and impose the unimplemented amount in subsequent years. The ability to accumulate and impose unimplemented Rent increases shall not carry over to a successor Landlord in the event of a change in ownership of the Rental Unit. Any such subsequent Rent increase shall be subject to the limitations of this section, including the 10% limitation in Subsection (e) herein. The Committee may issue rules and regulations that modify, restrict, or prohibit the ability of Landlords to impose accumulated increases upon a finding that the banking of Annual General Adjustments causes undue hardship on Tenants, provided that Landlords retain their right to a fair return.

(e) 10% Annual Rent Increase Limit. The overall Rent increase in any twelve-month period shall not exceed ten percent (10%) of the Rent actually charged to the Tenant, including any Rent increase authorized pursuant to Section 1710(e) of this Article. Notwithstanding the foregoing, the overall Rent increase in any twelve-month period may exceed ten-percent (10%) of the Rent actually charged to the Tenant only if that Rent increase is pursuant to a decision of a Hearing Officer or the Committee as a result of a Landlord Petition pursuant to Section 1710(a) of this Article. Nothing in this section shall be interpreted to authorize a Rent increase for a Covered Rental Unit in excess of the amount authorized by state law.

(f) Conditions Under Which Rent Increase Not Permitted. No Rent increase shall be effective if the Landlord:

- (1) Has failed to substantially comply with all provisions of this Article and all rules and regulations promulgated by the Committee; or
- (2) Has failed to maintain the Rental Unit in compliance with Civil Code Sections 1941.1 et seq. and Health and Safety Code Sections 17920.3 and 17920.10; or
- (3) Has failed to make repairs ordered by a Hearing Officer, the Committee, or the City.

Section 1708. Initial Rents for New Tenancies.

(a) Setting of Initial Rents Without Restriction. To the extent required by state law, Landlords may set the initial Rent for new Tenants at the market rate.

(b) Restrictions on Initial Rent for New Tenancies. To the maximum extent permitted by state law, the initial Rent for new tenancies shall be subject to the

restrictions of this Article. The Committee shall issues rules and regulations to govern the restrictions on the initial Rent for new tenancies where such restrictions are permitted by state law.

(c) Rent Increases After Setting an Initial Rent. After the Landlord sets an initial Rent pursuant to this Section, the Landlord may only increase the Rent in accordance with this Article. The Landlord may not increase Rent based on banking, cost increases, capital improvements, or other circumstances that arose before the new tenancy began.

Section 1709. Rental Housing Committee

(a) Composition. There shall be in the City of Mountain View an appointed Rental Housing Committee comprised ~~of Mountain View residents~~ as set forth in this Section. The Committee shall consist of five (5) Committee members appointed by the City Council, and an alternate Committee member. The alternate Committee member shall be permitted to attend all Committee meetings and to speak, but not be authorized to vote unless a regular member of the Committee is absent at that meeting or is recused from voting on an agenda item. There shall be no more than two (2) members of the Committee that own or manage any rental property, or that are realtors or developers. Anyone nominated to this Committee must be in compliance with this Article and all other local, state and federal laws regulating the provision of housing. Annually, the Committee shall elect one of its members to serve as chairperson.

(b) Eligibility ~~and~~ Appointment, and Removal. Committee members shall be appointed by the City Council at a public meeting, and shall be subject to removal by motion of the City Council adopted by at least four affirmative votes. Applicants for membership on the Committee shall submit an application to the City Council. If the City Council determines that it has not received adequate qualifying applications from Mountain View residents for any vacant position, then the City Council may appoint an otherwise eligible person who is not a Mountain View resident to the Committee so long as the person maintains an ownership or trusteeship interest in one or more Covered Rental Units. The application shall include a statement under penalty of perjury of the applicant's interests and dealings in real property, including but not limited to, ownership, trusteeship, sale, or management, and investment in and association with partnerships, corporations, joint ventures, and syndicates engaged in ownership, sale, or management of real property during the three years immediately prior to the applicant's application. This documentation shall be made available to the public.

(c) Term of Office. Committee Members shall serve terms of four (4) years and may be reappointed for a total of two (2) full terms. Committee member terms shall be staggered. Therefore, initial appointments shall consist of two (2) members with two-year terms, an alternate with a two-year term, and three (3) members with four-year terms.

(d) Powers and Duties. The Committee shall have the following powers and duties:

(1) Set Rents at fair and equitable levels to achieve the purposes of this Article. Notwithstanding any other provision of this Article, the Committee shall have the authority to adopt regulations authorizing Rent increases and/or adjustments required by state or federal law.

(2) Establish rules and regulations for administration and enforcement of this Article.

(3) Determine and publicize the Annual General Adjustment pursuant to this Article.

(4) Appoint Hearing Officers to conduct hearings on Petitions for Individual Rent Adjustment pursuant to this Article.

(5) Adjudicate Petitions pursuant to Sections 1710 and 1711 herein and issue decisions with orders for appropriate relief pursuant to this Article.

(6) Administer oaths and affirmations and subpoena witnesses and relevant documents.

(7) Establish a budget for the reasonable and necessary implementation of the provisions of this Article, including without limitation ~~the hiring of necessary staff~~ engaging City employees or third-party contractors, and charge fees as set forth herein in an amount sufficient to support that budget.

(8) Administer the withdrawal process for the removal of Rental Units from the rental housing market pursuant to Subsection 1705(a)(8) herein.

(9) Hold public hearings.

(10) Conduct studies, surveys, investigations, and hearings, and obtain information to further the purposes of this Article.

(11) Report periodically to the City Council on the status of Covered Rental Units. Reports shall include (a) a summary of the numbers of termination of tenancy notices served pursuant to Section 1705 of this Article, including the bases upon which they were served, (b) a summary of any and all Petitions submitted to and/or decided by a Hearing Officer and/or the Committee pursuant to Sections 1710 and 1711, including the bases on which the Petitions were submitted and the determinations on the Petitions.

(12) Publicize through reasonable and appropriate means the provisions of this Article, including without limitation the rights and responsibilities of Landlords and Tenants.

(13) Establish a schedule of penalties that may be imposed for noncompliance with this Article or with rules and regulations promulgated under this Article.

(14) Pursue civil remedies as provided by this Article in courts of appropriate jurisdiction, subject to City Council approval.

(15) Intervene as an interested party in any litigation brought before a court of appropriate jurisdiction by a Landlord or Tenant with respect to Covered Rental Units, subject to City Council approval.

(16) Any other powers and duties delegated to the Committee in an ordinance passed by the City Council so long as the City Council provides for the costs to administer such additional powers or duties, including but not limited to additional financing authority beyond the authority described in Section 1709(j).

(17) ~~(16)~~ Any other duties necessary to administer and enforce this Article.

(e) Rules and Regulations. The Committee shall issue and follow such rules and regulations as will further the purposes of the Article.

(f) Meetings. The Committee shall hold regularly scheduled meetings as necessary to ensure the performance of its duties under this Article. All regular and special meetings shall be called and conducted in accordance with state law.

(g) Quorum. Three (3) members shall constitute a quorum for the Committee.

(h) Voting. The affirmative vote of three (3) members of the Committee is required for a decision, including on all motions, regulations, and orders of the Committee.

(i) Vacancies. If a vacancy occurs on the Committee, a person qualified to fill such vacancy shall be appointed by the City Council in accordance with this Article.

(j) Financing.

(1) ~~(1)~~ The Committee shall finance its reasonable and necessary expenses, including without limitation engaging ~~any staff~~ City employees or third-party contractors as necessary to ensure implementation of this Article, by charging Landlords an annual Rental Housing Fee as set forth herein, in amounts deemed reasonable by the Committee in accordance with applicable law. The Committee is also empowered to request and receive funding when and if necessary from any available source, including the City but subject to City Council approval, for its reasonable and necessary expenses.

(2) ~~(1)~~ Rental Housing Fee. All Landlords shall pay a Rental Housing Fee on an annual basis. The first Committee convened after the effective date of this Article shall determine the amount of the Rental Housing Fee. The amount of the Rental

Housing Fee may differ between Rental Units subject to the entirety of this Article and those that are Partially Exempt. The Committee may adjust the amount of the Rental Housing Fee at its discretion to ensure full funding of its reasonable and necessary expenses, in accordance with all applicable law.

~~(2) — City to Advance Initial Funds. During the initial implementation of this Article, the City shall advance all necessary funds to ensure the effective implementation of this Article, until the Committee has collected Rental Housing Fees sufficient to support the implementation of this Article. The City may seek a reimbursement of any advanced funds from the Committee after the Rental Housing Fee has been collected.~~

(k) Integrity and Autonomy of Committee.

(1) The Committee shall be considered an independent, semi-autonomous City commission with the authority and duty to implement this Article and any other obligations properly delegated to it by the City Council.

(2) The Committee shall be an integral part of the government of the City, but shall exercise its powers and duties under this Article independent from the City Council, City Manager, and City Attorney, except by request of the Committee. The Committee; the Committee is not a separate legal entity. The Committee may carry out its purposes with City employees, third party contractors, or any combination of the two, and may request the services of the City Attorney, who shall provide them pursuant to the lawful duties of the office in Article 711 of the City Charter. In the period between the effective date of this Article and the appointment of the initial members of the Committee, the City shall take whatever steps necessary to perform the duties of the Committee and implement the purposes of this Article.

(l) Conforming Regulations. If any portion of this Article is declared invalid or unenforceable by decision of a court of competent jurisdiction or rendered invalid or unenforceable by state or federal legislation, the Committee and not the City Council shall have authority to enact replacement regulations consistent with the intent and purpose of the invalidated provision and applicable law. Such replacement regulations shall supersede invalidated or unenforceable provisions of this Article to the extent necessary to resolve any inconsistency. The subject matter of such replacement regulations shall be limited to the matters addressed in this Article.

(m) Designation of Replacement Committee. In the event the establishment of the Committee under this Section is adjudged to be invalid for any reason by a court of competent jurisdiction, the City Council shall designate one or more City departments, agencies, committees, or commissions to perform the duties of the Committee prescribed by this Article.

(n) Conflict of interest. Committee members shall not necessarily be disqualified from exercising any of their powers and duties on the grounds of a conflict of interest solely on the basis of their status as a Landlord, realtor, developer, or Tenant.

However, a Committee member shall be disqualified from ruling on a Petition if the Committee member is either the Landlord of the Property or a Tenant residing in the Property that is involved in the Petition. The provisions of the Political Reform Act, Government Code Sections 87100 et seq. shall apply.

(o) Compensation. Committee members shall serve without compensation for their services as such, but may receive reimbursement for necessary traveling and other expenses incurred on official duty when such expenditures have received authorization by the City Council.

Section 1710. Petitions for Individual Rent Adjustment – Bases.

A Landlord or a Tenant may file a Petition with the Committee seeking adjustment, either upward or downward, of the Rent for any given tenancy in accordance with the standards set forth in this Section, and using the procedures set forth in Section 1711 herein and implementing regulations. The Committee shall adopt separate procedures apart from Section 1711 that are only applicable to temporary Rent increases for specified Capital Improvements authorized by and in accordance with the provisions of Section 1710(e). A Petition shall be on a form provided by the Committee and, if made by the Landlord, shall include a declaration by the Landlord that the Rental Unit complies with all requirements of this Article.

(a) Petition for Upward Adjustment—Fair Rate of Return. To effectuate the purposes of this Article and the requirements of law, a Landlord may file a Petition for an upward adjustment of the Rent to ensure a fair and reasonable rate of return. It is the intent of this Article that individual upward adjustments in Rent be granted only when the Landlord demonstrates that such adjustments are necessary to provide the Landlord with a fair rate of return. The Committee shall promulgate regulations to further govern Petitions filed pursuant to this Subsection in accordance with law and the purposes of this Article.

(1) Prerequisites. No upward adjustment of Rent shall be authorized by a Hearing Officer or the Committee under this Subsection if the Landlord:

(A) Has continued to fail to comply, after order of the Committee or other authority, with any provisions of this Article or orders or regulations issued thereunder; or

(B) Has failed to maintain the Rental Unit in compliance with Civil Code Sections 1941.1 et seq. and Health and Safety Code Sections 17920.3 and 17920.10.

(2) Fair Rate of Return - Factors. In making any upward adjustment to the Rent based upon a Landlord's Petition to ensure a fair rate of return, the Hearing Officer or Committee shall consider relevant factors, including but not limited to, the following:

- (A) Increases or decreases in property taxes;
- (B) Unavoidable increases or any decreases in maintenance and operating expenses;
- (C) The cost of planned or completed capital improvements to the Rental Unit (as distinguished from ordinary repair, replacement, and maintenance), but only where such capital improvements are necessary to bring the Property into compliance or maintain compliance with applicable local codes affecting health and safety, and where such capital improvement costs are properly amortized over the life of the improvements;
- (D) Increases or decreases in the number of tenants occupying the Rental Unit, living space, furniture, furnishings, equipment, or other Housing Services provided, or occupancy rules;
- (E) Substantial deterioration of the Rental Unit other than as a result of normal wear and tear;
- (F) Failure on the part of the Landlord to provide adequate Housing Services, or to comply substantially with applicable state rental housing laws, local housing codes, health and safety codes, or the Rental Housing Agreement; and
- (G) The pattern of recent Rent increases or decreases in the Rental Unit during the occupancy of the current Tenant.

(3) Fair Rate of Return - Factors Excluded. In making any upward adjustment to the Rent based upon a Landlord's Petition to ensure a fair rate of return, the Hearing Officer or Committee shall not consider the following factors as justifying an upward adjustment:

- (A) Costs of debt servicing (including but not limited to principal, interest, and fees) for any debt obtained after October 19, 2015, other than debt incurred to finance the cost of improvements as described in Subsection 1710(a)(2)(C);
- (B) Any penalties, fees, or interest assessed or awarded for violation of this or any other law with respect to the Rental Unit;
- (C) The costs of capital improvements that are not necessary to bring the property into compliance or maintain compliance with applicable local codes affecting health and safety;
- (D) Cost increases, capital improvements, banked Annual General Adjustments, or other circumstances that arose before the current tenancy began; and
- (E) Income taxes.

(4) Effective Date of Individual Rent Adjustment. Rent increases authorized pursuant to this Subsection shall become effective only after the Landlord provides the Tenant written notice of such Rent increase pursuant to state law.

(b) Petition for Downward Adjustment — Failure to Maintain Habitable Premises.

(1) Failure to maintain a Rental Unit in compliance with governing health and safety and building codes, including but not limited to Civil Code Sections 1941.1 et seq. and Health and Safety Code Sections 17920.3 and 17920.10, constitutes an increase in Rent. A Tenant may file a Petition with the Committee to adjust the Rent downward based on a loss in rental value attributable to the Landlord's failure to maintain the Rental Unit in habitable condition.

(2) A Tenant Petition filed pursuant to this Subsection must specify the conditions alleged to constitute the failure to maintain the Rental Unit in habitable condition and demonstrate that the Landlord was provided with reasonable notice and opportunity to correct the conditions that form the basis for the Petition.

(c) Petition for Downward Adjustment — Decrease in Housing Services or Maintenance. A decrease in Housing Services or maintenance, or deterioration of the Rental Unit beyond ordinary wear and tear, without a corresponding reduction in Rent, is considered an increase in Rent. A Tenant may file a Petition to adjust the Rent downward based on a loss in rental value attributable to a decrease in Housing Services or maintenance or deterioration of the Rental Unit. The Petition must specify the circumstances alleged to constitute a decrease in Housing Services or maintenance, and demonstrate that the Landlord was provided with reasonable notice and an opportunity to correct in like manner to Petitions filed pursuant to Subsection 1710(b)(2) herein.

(d) Petition for Downward Adjustment — Unlawful Rent. If a Landlord demands or retains Rent in excess of the lawful Rent pursuant to this Article, a Tenant may file a Petition to adjust the Rent to its lawful level.

(e) Increases for Specified Capital Improvements. A Landlord pursuing an eligible Capital Improvement may seek reimbursement for all or a portion of the approved costs of that eligible Capital Improvement by way of a temporary Rent increase in accordance with this Section 1710(e).

(1) "Capital Improvement" means a substantial addition or modification of a physical feature of a Covered Rental Unit, or of a building or Property containing a Covered Rental Unit that primarily benefits one or more Tenants and qualifies as one of the following for purposes of this Section 1710(e).

(A) Necessary to bring the Property into compliance or maintain compliance with applicable state and local codes affecting health and safety, but excluding the costs of any additions or modifications that could have been avoided by the exercise of reasonable diligence in maintaining and making timely repairs to the Covered Rental Unit and/or Property; or

(B) Significantly improves the environmental sustainability of the Covered Rental Unit or Property and results in a reduction in utility or other costs for the Property that are realized by the Tenant(s); or

(C) Significantly extends the useful life of the Covered Rental Unit or Property, but excluding the costs of any additions or modifications that could have been avoided by the exercise of reasonable diligence in maintaining and making timely repairs to the Covered Rental Unit and/or Property.

(D) An improvement to one Covered Rental Unit requested by the Tenant, subject to the mutual and unanimous consent by the Landlord and Tenant to the terms of installation of and cost recovery for the improvement.

(2) Rules and Regulations. The Rental Housing Committee shall promulgate rules and regulations to implement the temporary increase in Rent authorized by this Section 1710(e), including but not limited to the following features and limits.

(A) The Rental Housing Committee shall publish a list of eligible Capital Improvements and revise the list from time to time.

(B) The Rental Housing Committee may identify approved costs for eligible Capital Improvements or otherwise limit the percentage of an approved cost for an eligible Capital Improvement for which a Landlord may seek reimbursement via a temporary Rent increase under this Section 1710(e).

(C) The Rental Housing Committee shall appropriately amortize the approved costs for eligible Capital Improvements when authorizing temporary Rent increases under this Section 1710(e).

(D) Nothing in this Section 1710(e) may be interpreted to authorize a total Rent increase in excess of the ten percent (10%) of the Rent actually charged to the Tenant, in accordance with Section 1707(e).

(E) No Rent increase may be accepted or received by a Landlord until the Capital Improvement has been completely constructed. No Rent increase may be authorized under this Section 1710(e) for a tenancy that began after the Capital Improvement has been completely constructed or from a Tenant who does not benefit from the Capital Improvement.

(F) No Rent increase may be approved under this Section 1710(e) for a luxury improvement, as may be further defined by the Committee.

(G) Any Rent increase authorized under this Section 1710(e) shall be considered a separate line item of Rent and shall be excluded when calculating an Annual General Adjustment pursuant to Section 1707.

Section 1711. Petitions for Individual Rent Adjustment – Procedures.

The Committee shall promulgate regulations regarding procedures for Petitions filed under this Article. Petitions shall be governed by such regulations and by the provisions of this Section.

(a) Hearing Officer. A Hearing Officer appointed by the Committee shall conduct a hearing to act upon the Petition, and shall have the power to administer oaths and affirmations, and to render a final decision on the merits of the Petition, subject to the provisions of this Article.

(b) Notice. The Committee shall notify the Landlord, if the Petition was filed by the Tenant, or the Tenant, if the Petition was filed by the Landlord, of the receipt of such a Petition and provide a copy thereof.

(c) Time of Hearing. Each party to a Petition shall receive sufficient advance notice of the bases, theories, and relevant documents to be presented by the other party(ies), and of the time, date, and place of any hearing regarding the Petition.

(d) Developing the Record. The Hearing Officer may require either party to a Petition to provide any books, records, and papers deemed pertinent. If the Hearing Officer finds good cause to believe that a building or other inspection would assist in resolving the issues raised by the Petition, the Hearing Officer may conduct an inspection and/or request the City to conduct an inspection. The Tenant may request the Hearing Officer to order such an inspection prior to the date of the hearing. All documents required under this Subsection shall be made available to the parties involved prior to the hearing.

(e) Open Hearings. All hearings conducted pursuant to this Section shall be open to the public.

(f) Right of Assistance. All parties to a hearing conducted pursuant to this Section may have assistance in presenting evidence and developing their position from attorneys, legal workers, Recognized Tenant Organization representatives, or any other persons designated by said parties.

(g) Hearing Record. The Committee shall make available for inspection and copying any official record that shall constitute the exclusive record for decision on the issues at the hearing. The record of the hearing, or any part of one, shall be obtainable for the reasonable cost of copying. All hearings shall be audio or video recorded, as ordered by the Hearing Officer, and any party to the Petition may receive a copy of the recording upon payment of a reasonable cost.

(h) Quantum of Proof and Notice of Decision. No Petition for Individual Rent Adjustment, whether upward or downward, shall be granted unless supported by the preponderance of the evidence submitted prior to and at the hearing. All parties to a hearing shall be sent a notice of the decision and a copy of the findings of fact and law

upon which said decision is based. At the same time, parties to the proceeding shall also be notified of their right to appeal to the Committee and/or to judicial review.

(i) Consolidation. Whether submitted by a Landlord or Tenant(s), all Petitions pertaining to Rental Units at the same Property may be consolidated for hearing upon a showing of good cause.

(j) Appeal. Any person aggrieved by the decision of the Hearing Officer may appeal to the full Committee for review. On appeal, the Committee shall affirm, reverse, ~~or modify-~~, or remand the decision of the Hearing Officer. The decision on appeal shall be based on the hearing record, and the Committee shall neither hear nor find facts in addition to those presented to the Hearing Officer.

(k) Finality of Decision. The decision of the Hearing Officer shall be the final decision of the Committee, unless an aggrieved party has timely sought an appeal to the Committee. The decision of the Committee on appeal shall be final unless an aggrieved party has timely sought judicial review pursuant to law.

(l) Time for Decision. A final decision on any Petition shall be made within a reasonable time. Decisions decreasing Rent shall remain in effect until the Landlord has corrected the defect warranting the decrease. The Committee shall, by regulation, establish procedures for making prompt compliance determinations.

(m) Right to Fair Return Guaranteed. No provision of this Article shall be applied so as to prohibit the Committee from granting an Individual Rent Adjustment that is demonstrated by the Landlord to be necessary to provide the Landlord with a fair rate of return.

Section 1712. Judicial Review.

A Landlord or Tenant aggrieved by any action or decision of the Committee may seek judicial review pursuant to state law and this Article and its implementing regulations. No action or decision by the Committee shall go into effect until any statutory time period for such review has expired.

Section 1713. Non-Waivability.

Any provision of a Rental Housing Agreement, whether oral or written, which purports to waive any provision of this Article established for the benefit of the Tenant, shall be deemed to be against public policy and shall be void.

Section 1714. Remedies.

In addition to any other remedies provided by law, Landlords and Tenants covered by this Article shall have the following remedies for violations of this Article.

(a) Landlord's Demand or Retention of Excessive Rent. When a Landlord demands, accepts, receives, or retains any payment or payments in excess of the lawful Rent pursuant to this Article and the regulations promulgated hereunder, including in violation of the provisions ensuring compliance with habitability standards and maintenance of Housing Services, the Tenant may file a Petition pursuant to Section 1710 or file a civil suit against the Landlord. A Landlord who demands, accepts, receives, or retains any payment of Rent in excess of the lawful Rent shall be liable to the Tenant in the amount by which the payment or payments have exceeded the lawful Rent. In such a case, the Rent shall be adjusted to reflect the lawful Rent pursuant to this Article and its implementing regulations.

(b) Civil Remedies. A Tenant may bring a civil suit in the courts of the state alleging that a Landlord has violated any of the provisions of this Article or the regulations promulgated hereunder, including that the Landlord has demanded, accepted, received, or retained a payment or payments in excess of the lawful Rent. In a civil suit, a Landlord found to violate this Article shall be liable to the Tenant for all actual damages, including but not limited to the damages described in Subsection (a) herein. A prevailing tenant in a civil action brought to enforce this Article shall be awarded reasonable attorneys fees and costs as determined by the court. Additionally, upon a showing that the Landlord has acted willfully or with oppression, fraud, or malice, the Tenant shall be awarded treble damages. No administrative remedy need be exhausted prior to filing suit pursuant to this Subsection.

(c) Additional Relief for Land lord's Violation of Eviction Rules. If it is shown that the event which the Landlord claims as grounds to recover possession under Subsections 1705(a)(6)-(9) is not initiated within two (2) months after the Tenant vacates the Rental Unit, or it is shown that the Landlord's claim was false or in bad faith, the Tenant shall be entitled to regain possession of the Rental Unit at same Rent that was lawfully in effect when the Tenant vacated, in addition to the relief described in Subsection (b) above.

(d) Defense to Action to Recover Possession. A Landlord's failure to comply with any of the provisions of this Article or regulations promulgated hereunder shall serve as a complete affirmative defense in an unlawful detainer or other action brought by the Landlord to recover possession of the Rental Unit. Any and all violations of this Article by the Landlord shall constitute such an affirmative defense, including but not limited to the demand or retention of payment in excess of the lawful Rent, failure to serve any of the notices required pursuant to this Article on the Tenant or the Committee, failure to pay the Rental Housing Fee, and a decrease in Housing Services or maintenance without a corresponding reduction in Rent. It is the intent of this Article to construe this Subsection to the broadest extent permissible under the law to ensure maximum compliance with this Article and avoid unlawful evictions.

(e) Committee or City Attorney Enforcement Action. If the Tenant fails to bring a civil or administrative action to enforce the Tenant's rights under this Article within one hundred and twenty (120) days after the date of the violation, the Committee

or the City Attorney may bring such an action or settle the claim on the Tenant's behalf. If the Committee or City Attorney brings such an action, the Tenant shall be provided the right to opt in or out of the action. In the case of an opt-in, the Tenant on whose behalf the Committee acted is barred from bringing a separate action against the Landlord in regard to the same violation, and the Committee or City Attorney shall be entitled to recuperate the costs it incurred from any monetary recovery from the Landlord, with the remainder to go to the Tenant against whom the violation has been committed. In the case of an opt-out, the Tenant shall retain all rights relating to his or her right to private action. The Committee or City Attorney may take other such enforcement action as necessary to ensure compliance with this Article.

(f) Remedies Not Exclusive. The remedies available in this Article are not exclusive and may be used cumulatively with any other remedies in this Article or otherwise available at law.

(g) Jurisdiction. The appropriate court in the jurisdiction in which the Rental Unit is located shall have jurisdiction over all actions brought under this Article.

Section 1715. Injunctive and Other Civil Relief.

The Committee, Tenants, and Landlords may seek relief from the appropriate court in the jurisdiction where the affected Rental Unit is located to enforce any provision of this Article or its implementing regulations or to restrain or enjoin any violation of this Article and of the rules, regulations, orders, and decisions of the Committee.

Section 1716. Partial Invalidity.

If any provision of this Article or application thereof to any person or circumstances is held invalid, this invalidity shall not affect other provisions or applications of this Article that can be given effect without the invalid provision or application, and to this end the provisions of this Article are declared to be severable. This Article shall be liberally construed to achieve the purposes of this Article and to preserve its validity.

Section 1717. Supersedes.

(a) This Article supersedes any ordinance passed by the City Council covering the area of rents or evictions, [except to the extent that the ordinance passed by the City Council provides greater protections for individuals who rent their primary residence.](#)

(b) In the event any other ballot initiative addressing in whole or in part the same subject matter as this Article is approved by a majority of the voters voting thereon at the same election, the following provisions shall apply:

(1) If this Article receives a greater number of affirmative votes than any conflicting initiative, including one that would provide that property owners have the right to set the price at which they rent residential property, then the provisions of this Article shall supersede all conflicting provisions of the initiative with fewer affirmative votes.

(2) If this Article receives fewer affirmative votes than another initiative addressing the same subject matter, all provisions of this Article which are not directly contradicted by the initiative receiving a greater number of affirmative votes will apply to the extent permitted by law.

Section 1718. Decontrol.

If the average annual vacancy rate in ~~Controlled~~ Covered Rental Units exceeds five percent (5%), the Committee is empowered, at its discretion and in order to achieve the objectives of this Article, to suspend the provisions of this Article. In determining the vacancy rate for ~~Controlled~~ Covered Rental Units, the Committee shall consider all available data and shall conduct its own survey. If the Committee finds that the average annual vacancy rate has thereafter fallen below five percent (5%) the provisions of this Article shall be reimposed.

Section 1719. Codification.

The City Clerk and the City Attorney shall take all steps necessary to ensure the proper and efficient codification of this Article into the Charter of the City of Mountain View. This authority shall include making any necessary revisions to numbering, revising or substituting any references herein to other provisions of Mountain View or State law, and similar non-substantive items. In exercising this authority, the City Clerk and City Attorney shall not alter the substantive provisions of this Article nor take any action that contradicts express terms and purpose of this Article.

Section 1720. Majority Approval, Effective Date, Execution.

This Amendment to the City Charter shall be effective only if approved by a majority of the voters voting thereon and shall go into effect ten (10) days after the vote is declared by the City Council. The Mayor and City Clerk are hereby authorized to execute this Article to give evidence of its adoption by the voters.

SECTION 3. Sections 3.1, 3.2, and 3.3 of this DRAFT Amendment directly conflict. Only one of Section 3 may be included in this Amendment, or Section 3 may be intentionally omitted from the Amendment.

SECTION 3.1. Annual General Adjustment equal to CPI plus 1%; Prohibit Banking.
Notwithstanding any revision in Section 2 of this Amendment, subsection (a) of section 1707,

subsection (d) of section 1707, subsection (c) of section 1708, and subsection (a)(3)(D) of section 1710 of the Mountain View Charter shall be revised as follows:

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

(a) Annual General Adjustment. No later than June 30th each year, the Committee shall announce the amount of the Annual General Adjustment, which shall be effective as of September 1st of that year. The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article.

(1) The Annual General Adjustment shall be equal to the sum of: (A) one percent; and (B) one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-Hayward region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending as of February of the current year. The Annual General Adjustment shall be rounded to the nearest one-tenth of a percent.

(2) Subparagraph 1 of this Subsection notwithstanding, in no event shall the Annual General Adjustment be less than two percent (2%) or more than five percent (5%).

(3) Pursuant to Subsection (a) herein, the Committee's first announcement of an Annual General Adjustment shall be made no later than June 30, 2017. Accordingly, the first Rent increase that a Landlord may impose pursuant to this Article shall not take effect prior to September 1, 2017.

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

...

(d) Banking of Unimplemented Annual General Adjustments Prohibited. A Landlord who refrains from imposing a Rent increase or any portion thereof pursuant to an Annual General Adjustment ~~may accumulate~~ waives said increase and may not impose the unimplemented amount in subsequent years. ~~The ability to accumulate and impose unimplemented Rent increases shall not carry over to a successor Landlord in the event of a change in ownership of the Rental Unit. Any such subsequent Rent increase shall be subject to the limitations of this section, including the 10% limitation in Subsection (e) herein. The Committee may issue rules and regulations that modify, restrict, or prohibit the ability of Landlords to impose accumulated increases upon a finding that the banking of Annual General Adjustments causes undue hardship on Tenants,~~ provided that Landlords retain their right to a fair return.

Section 1708. Initial Rents for New Tenancies.

...

(c) Rent Increases After Setting an Initial Rent. After the Landlord sets an initial Rent pursuant to this Section, the Landlord may only increase the Rent in accordance with this Article. The Landlord may not increase Rent based on ~~banking~~, cost increases, capital improvements, or other circumstances that arose before the new tenancy began.

Section 1710. Petitions for Individual Rent Adjustments--Bases.

(a) Petition for Upward Adjustment—Fair Rate of Return.

...

(3) Fair Rate of Return – Factors Excluded.

...

(D) Cost increases, capital improvements, ~~banked Annual General Adjustments~~, or other circumstances that arose before the current tenancy began; and

SECTION 3.2. Annual General Adjustment equal to 4% or 5%; Prohibit Banking.

Notwithstanding any revision in Section 2 of this Amendment, subsection (a) of section 1707, subsection (d) of section 1707, subsection (c) of section 1708, subsection (d)(3) of section 1709, and subsection (a)(3)(D) of section 1710 of the Mountain View Charter shall be revised as follows:

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

(a) Annual General Adjustment. ~~No later than June 30th each year, the Committee shall announce the amount of the Annual General Adjustment, which shall be effective as of September 1st of that year.~~ The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article. ¶

~~(1) —The Annual General Adjustment shall be equal to one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-Hayward region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending as of February of the current year. The Annual General Adjustment shall be rounded to the nearest one-tenth of a percent. [FOUR OR FIVE] percent (4 or 5 %).~~

~~(2) — Subparagraph 1 of this Subsection notwithstanding, in no event shall the Annual General Adjustment be less than two percent (2%) or more than five percent (5%).~~

~~(3) — Pursuant to Subsection (a) herein, the Committee's first announcement of an Annual General Adjustment shall be made no later than June 30, 2017. Accordingly, the first Rent increase that a Landlord may impose pursuant to this Article shall not take effect prior to September 1, 2017.~~

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

...

(d) Banking of Unimplemented Annual General Adjustments Prohibited. A Landlord who refrains from imposing a Rent increase or any portion thereof pursuant to an Annual General Adjustment ~~may accumulate~~ waives said increase and may not impose the unimplemented amount in subsequent years. ~~The ability to accumulate and impose unimplemented Rent increases shall not carry over to a successor Landlord in the event of a change in ownership of the Rental Unit. Any such subsequent Rent increase shall be subject to the limitations of this section, including the 10% limitation in Subsection (e) herein. The Committee may issue rules and regulations that modify, restrict, or prohibit the ability of Landlords to impose accumulated increases upon a finding that the banking of Annual General Adjustments causes undue hardship on Tenants,~~ provided that Landlords retain their right to a fair return.

Section 1708. Initial Rents for New Tenancies.

...

(c) Rent Increases After Setting an Initial Rent. After the Landlord sets an initial Rent pursuant to this Section, the Landlord may only increase the Rent in accordance with this Article. The Landlord may not increase Rent based on ~~banking~~, cost increases, capital improvements, or other circumstances that arose before the new tenancy began.

Section 1709. Rental Housing Committee.

...

(d) Powers and Duties.

...

(3) ~~Determine and publicize~~ Publicize the Annual General Adjustment pursuant to this Article.

Section 1710. Petitions for Individual Rent Adjustments--Bases.

(a) Petition for Upward Adjustment—Fair Rate of Return.

...

(3) Fair Rate of Return – Factors Excluded.

...

(D) Cost increases, capital improvements, ~~banked Annual General Adjustments~~, or other circumstances that arose before the current tenancy began; and

SECTION 3.3. Annual General Adjustment equal to 4% or 5%. Notwithstanding any revision in Section 2 of this Amendment, subsection (a) of section 1707 and subsection (d)(3) of section 1709 of the Mountain View Charter shall be revised as follows:

Section 1707. Rent Increases Pursuant to Annual General Adjustment.

(a) Annual General Adjustment. ~~No later than June 30th each year, the Committee shall announce the amount of the Annual General Adjustment, which shall be effective as of September 1st of that year.~~ The Annual General Adjustment is the percentage by which the Rent for existing tenancies in Covered Rental Units may be increased each year, subject to the limitations of this Article. ¶

~~(1) —The Annual General Adjustment shall be equal to one hundred percent (100%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland-Hayward region, or any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics) as reported and published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending as of February of the current year. The Annual General Adjustment shall be rounded to the nearest one-tenth of a percent. [FOUR OR FIVE] percent (4 or 5 %).~~

~~(2) —Subparagraph 1 of this Subsection notwithstanding, in no event shall the Annual General Adjustment be less than two percent (2%) or more than five percent (5%).~~

~~(3) —Pursuant to Subsection (a) herein, the Committee's first announcement of an Annual General Adjustment shall be made no later than June 30, 2017. Accordingly, the first Rent increase that a Landlord may impose pursuant to this Article shall not take effect prior to September 1, 2017.~~

Section 1709. Rental Housing Committee.

...

(d) Powers and Duties.

...

(3) ~~Determine and publicize~~ Publicize the Annual General Adjustment pursuant to this Article.

SECTION 4. Conflicting Ballot Measures. In the event this Amendment and another measure or measures proposing to amend Article XVII (Community Stabilization and Fair Rent Act) of the Mountain View Charter or otherwise relating to rent stabilization, rent control, or regulating the termination of residential tenancy, appear on the same City-wide election ballot, the provisions of any other measure shall be deemed to be in conflict with this Amendment. In the event that this Amendment receives a greater number of affirmative votes, the provisions of this Amendment shall prevail in their entirety.

SECTION 5. Severability. If any provision of this Amendment or application thereof to any person or circumstances is held invalid, this invalidity shall not affect other provisions or applications of this Amendment that can be given effect without the invalid provision or application, and to this end the provisions of this Article are declared to be severable. This Amendment shall be liberally construed to achieve the purposes and preserve the validity of both this Amendment and the Community Stabilization and Fair Rent Act.

SECTION 6. Effective Date. If approved by a majority of the voters voting on this Amendment, this Amendment shall take effect immediately upon certification of the vote as declared by the City Council.