



MEMORANDUM

CSFRA, Community Development Department

DATE: January 13, 2020

TO: Rental Housing Committee

FROM: Anky van Deursen, CSFRA Program Manager
Karen M. Tiedemann, Special Counsel to the Rental Housing Committee
Justin D. Bigelow, Special Counsel to the Rental Housing Committee

SUBJECT: Overview of Ballot Measures to Amend the CSFRA

RECOMMENDATION

To receive a presentation on the City-Initiated Ballot Measure (Measure D) and the Voter-Initiated Ballot Measure to amend the Community Stabilization and Fair Rent Act.

BACKGROUND/INTRODUCTION

City-Initiated Ballot Measure

On May 21, 2019, the City Council adopted its Fiscal Year 2019-21 Major Goals and associated work plan items. One of the work plan items is: “Hold a Study Session to explore modifications to CSFRA for the 2020 election.” On June 25, 2019, the Council approved formation of the Community Stabilization and Fair Rent Act (CSFRA) Subcommittee to facilitate this process.

Since the formation of the CSFRA Subcommittee in June 2019, the Subcommittee has held four meetings to discuss potential CSFRA amendments. The Rental Housing Committee (RHC) has provided input twice—once during a Special Meeting (August 12, 2019), and again during one of its Regular Meetings (September 16, 2019), in which the RHC formulated its recommendations to the City Council in a separate letter.

On November 12, 2019, City Council adopted a proposed amendment to the CSFRA as well as a resolution to call a special municipal election to be consolidated with the Statewide Primary Election to be held on Tuesday, March 3, 2020, for the purpose of submitting to the qualified electors of the City of Mountain View the proposed amendment of the CSFRA to the City of Mountain View Charter.

The proposed amendment (Measure D) includes the following key components: it clarifies that the RHC independently implements the CSFRA and other duties delegated by the City Council to protect renters; prohibits paying RHC members; clarifies the City Council may remove RHC members; exempts mobile homes; authorizes additional rent increases for certain capital improvements; allows an annual rent increase equal to a 4 percent flat rate; adds technical revisions; and complies with State law. A Summary Table of the proposed amendments is attached (Attachment 1) as well as the Full Text of the City-Initiated CSFRA Amendment (Attachment 2).

The following are key components of the proposed amendments:

1. *Flat-Rate Annual General Adjustment*

The City Council decided to amend the methodology of setting the Annual General Adjustment of rent at a flat rate of 4 percent with a continued allowance of banking.

The amendments pertaining to this issue can be found in the Summary Table, Topic Nos. 33 and 34.

2. *Relationship between the City Council and the RHC*

The City Council clarified oversight over the RHC regarding potential budgetary impacts to the City's General Fund, including legal actions that would impact the General Fund. In addition, Council added the option of appointing a non-Mountain View resident if no adequate qualifying applications from Mountain View residents have been received as well as the ability to remove RHC members. Lastly, Council wanted the ability to request consultations with or assign work items to the RHC, such as implementation of a mobile home rent stabilization ordinance.

The amendments pertaining to this issue can be found in the Summary Table, Topic Nos. 1, 2, 3, 4, 5, 6, and 7.

3. *Separate Individual Rent Increase Process for Certain Qualifying Capital Improvements*

The Council incorporated tasking the RHC to design a separate individual rent increase process for certain qualifying capital improvements that would not require the property owner to demonstrate the increase was necessary to maintain a fair rate of return as is currently required by the CSFRA. Council provided general direction and parameters and delegated the design and implementation of this process to the RHC. Council established the following broad categories, under which specific capital improvements to be determined by the RHC would qualify for the separate

individual rent increase process: (1) code-required capital improvements; (2) environmental sustainability improvements; and (3) improvements that extend the useful life of the building.

The amendments pertaining to this issue can be found in the Summary Table, Topic Nos. 8, 9, 10, and 11.

4. *Mobile Homes Excluded from CSFRA*

Council decided that mobile homes should not be covered under the CSFRA but by a separate ordinance instead and that the CSFRA should be amended to definitively state that mobile homes are not covered under the CSFRA. It should be noted that Council has a major goal work plan item to consider mobile home rent stabilization, and Council will have a preliminary discussion that is tentatively scheduled for early 2020.

The amendment pertaining to this issue can be found in the Summary Table, Topic No. 12.

5. *Additional Administrative Amendments*

In addition to the above, other administrative amendments to the CSFRA have been identified, related to ambiguities caused by the existing Charter language, or lack thereof, which has made CSFRA implementation challenging in these instances.

- Prohibit RHC members from compensating themselves (Topic No. 13)
- Exemptions for nonprofit homes for the aged (CSFRA 1703(a)(2)) (Topic No. 14)
- Exemptions for affordable housing (CSFRA 1703(a)(3)) (Topic No. 15)
- Exemptions under State law and for duplexes (CSFRA 1704) (Topic Nos. 16 and 17)
- CSFRA staff as City employees (CSFRA 1709(j)) (Topic Nos. 18 and 19) Ellis Act implementations (CSFRA 1705 and 1702(m)) (Topic Nos. 20, 21, and 22)
- Definitions (Section 1702(h)) (Topic No. 23)
- Effective date of the CSFRA (Section 1703(a)(5)) (Topic Nos. 24 and 25)

- ~~Revised CPI publication (Section 1707(a)(1))~~ (Topic No. 26) (This revision omitted by City Council per proposed flat rate AGA; see Topic Nos. 33 and 34)
- Remand decisions in appeal (Section 1711(j)) (Topic No. 27)
- “Covered” instead of “Controlled” (Section 1718) (Topic No. 28)
- Revise internal reference (Section 1702(r)) (Topic No. 29)
- Findings under State law (Section 1701(t)) (Topic No. 30)
- Application of State law (Section 1707(e)) (Topic No. 31)
- Delete effective date text applicable to 2016 election (Section 1720) (Topic No. 32)

Voter-Initiated Ballot Measure

On November 27, 2018, Council accepted the Certificate of Sufficiency of the Voter-Initiated Ballot Measure, entitled “The Mountain View Homeowner, Renter, and Taxpayer Protection Initiative.” This certification means the signatures on the petition for the Voter Initiative were sufficient to place it on the ballot. Because it is a Charter amendment, the Voter Initiative must be presented to the voters during a general municipal election or a Statewide general election. City Council decided to place this Voter Initiative on the November 2020 ballot.

The following is a summary of the Voter Initiative’s key amendments:

- Limitation of protections under the CSFRA to households earning 100 percent of median income or less.
- Suspension of the CSFRA when vacancy rate equals or exceeds 3 percent.
- Modification to the just-cause provision.
- Restriction on the use of City funds and prohibition on paying RHC members.
- Maximum rental housing fee of \$100.

- Eligibility of all capital improvements for the petition process.
- Enactment of a Rental Housing Dispute Resolution Program during suspension of the CSFRA, including a rental registry and nonbinding mediation program for rent increases over 7 percent and other disputes.

The full text of the Voter-Initiated CSFRA Amendment (The Mountain View Homeowner, Renter, and Taxpayer Protection Initiative) can be found in Attachment 3.

PUBLIC NOTICING – Agenda posting.

AVD-KMT-JDB/DJ/CDD

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- Attachments:
1. Summary Table of CSFRA Amendments
 2. Full Text of City Council Initiative to Amendment of the CSFRA (Measure D)
 3. Full Text of Voter Initiative to Amendment of the CSFRA (The Mountain View Homeowner, Renter, and Taxpayer Protection Initiative)