



**DATE:** March 15, 2016

**CATEGORY:** Unfinished Business

**DEPT.:** Community Development/  
City Attorney's Office

**TITLE:** **Adoption of a Rental Housing  
Dispute Resolution Program**

### RECOMMENDATION

1. Introduce an Ordinance Adding Article II to Chapter 43 of the Mountain View City Code to Adopt a Rental Housing Dispute Resolution Program, to be read in title only, further reading waived, and set second reading for March 22, 2016 (Attachment 1 to the Council report).
2. Authorize the City Manager to execute an agreement with Project Sentinel for the administration of the Rental Housing Dispute Resolution Program.
3. Increase appropriations and transfer Seventy Thousand Dollars (\$70,000) from the General Fund Reserve to the Community Development Department General Operating Fund to fund implementation of the program, including outreach, noticing, database modifications, and landlord registration. (Five votes required)
4. Adopt a Resolution Amending the City of Mountain View Master Fee Schedule to Establish a Rental Housing Dispute Resolution Program Fee, \$7 per unit for rental units receiving a Certificate of Occupancy prior to February 1, 1995, and \$5 per unit for rental units receiving a Certificate of Occupancy on or after February 1, 1995, to be read in title only, further reading waived (Attachment 2 to the Council report).
5. Introduce an Ordinance Amending Article I of Chapter 43 of the Mountain View City Code Related to the Right-to-Lease Ordinance, to be read in title only, further reading waived, and set second reading for March 22, 2016 (Attachment 3 to the Council report).
6. Consider the introduction and adoption of an Urgency Ordinance Regulating Certain Residential Rent Increases in the City of Mountain View, to be read in title only, further reading waived (Attachment 4 to the Council report). (Five votes required)

## **PURPOSE**

As directed by Council, the purpose of this agenda item is for the City Council to hear public testimony, discuss, and take action regarding a proposed rental housing dispute resolution program.

## **BACKGROUND**

On October 19, 2015, the City Council held a Study Session to hear from housing experts and the public, and then discuss a range of potential rent relief options (Attachment 5). The Study Session was held in response to residents attending Council meetings requesting action to prevent high rent increases and evictions. High rent increases are being reported throughout the Bay Area, along with reports of lower-income households having to work multiple jobs, double up in overcrowded apartments, or move to other communities. Following the Study Session, the Council further discussed rent relief issues on October 27 and December 1, 2015 (Attachments 6 and 7).

At its December 1 meeting, the Council directed staff to prepare an ordinance creating a mandatory program for mediation and binding arbitration of rental housing disputes for the City Council's consideration. Council requested disputes related to the following issues be included:

- Rent Increases
- Service Reductions
- 60-Day Notices to Vacate
- Security Deposits
- Maintenance and Repairs
- Terminations by a Tenant in Advance of the Lease Term

Council did not determine the amount of the rent increase but discussed a range between two times the Bay Area Consumer Price Index (CPI) and 7-1/2 percent.

In response to the Council's direction, staff has prepared the attached ordinance to establish a Rental Housing Dispute Resolution Program ("RHDRP") for the Council's consideration (Attachment 1). Staff has also conducted outreach to the stakeholders

who would be impacted by such a program and shared a draft of the ordinance with them. In response to the input received at these outreach meetings, staff has revised the draft ordinance that was circulated. Finally, staff has also prepared an implementation plan should the Council choose to adopt the draft ordinance. These items are explained in further detail in this report.

## **Overview of the Proposed Rental Housing Dispute Resolution Program**

### Methods of Dispute Resolution

The proposed ordinance creates a mandatory mediation program consisting of conciliation and mandatory mediation for all rental housing disputes and mandatory and binding arbitration for those disputes involving rent increases and service reductions. Both a tenant and a landlord can initiate participation in the program. A third party would administer the RHDRP for the City.

All rental housing disputes would be subject to conciliation. During conciliation, a third party contacts the landlord and tenant involved in the dispute separately, often by phone, in an attempt to resolve the matter informally. Conciliation also provides an opportunity to educate both the landlord and tenant regarding the program and landlord-tenant law.

If conciliation is not successful in resolving the dispute, then either party can request the matter be mediated. Attendance of both parties at the mediation is mandatory. The mediator would meet with the parties and encourage them to find a mutually acceptable solution. A resolution is not imposed on the parties. If the parties reach a mutually acceptable solution and enter into a written agreement, only then would the resolution be binding upon the parties.

In the event mediation does not resolve a dispute involving a rent increase or service reduction, either party can request the matter be arbitrated. Attendance at the arbitration hearing is mandatory and the outcome is binding. Because this dispute resolution component has a binding outcome and a party other than the landlord determines the permissible rent increase, the program regulates rents and is required to comply with the Costa-Hawkins Rental Housing Act. Costa-Hawkins prohibits rent control of units receiving Certificates of Occupancy after February 1, 1995 with some limited exceptions.

Cities, such as Los Gatos, that have an arbitration component, find most of their rental disputes are resolved in conciliation or mediation, since participants are motivated to reach resolution rather than go through an arbitration process. The success of these programs cannot be judged solely by the number of mediation or arbitration cases.

Programs with an arbitration component and rent increase threshold can encourage landlords to maintain reasonable rents, so arbitration may not be utilized often. A review of the Los Gatos program for Fiscal Year 2014-15 and the first quarter of Fiscal Year 2015-16 revealed a total of 23 cases presented regarding rent increases. Nineteen (19) of those matters were resolved by the mediation phase. None of the disputes went to arbitration.

## ANALYSIS

### Scope of the Program

#### *Rental Units*

The draft ordinance defines a “rental unit” in the same manner as the Multi-Family Housing Inspection Program and the Right-to-Lease Ordinance. For purposes of this ordinance, disputes involving a dwelling unit located in a structure containing three or more dwelling units would be covered by the RHDRP. All of these rental units would be subject to conciliation and mandatory mediation. The rental units that received a Certificate of Occupancy on or after February 1, 1995 (unless involuntarily vacated), single-family homes, condominiums, and duplexes would not be subject to arbitration.

#### *Disputes Subject to Arbitration*

In accordance with the direction provided by the City Council, the following disputes are subject to the RHDRP:

- *Rent Increases and Threshold:* As drafted, the ordinance limits landlords to one rent increase every 12 months. If a landlord raises the rent to an amount equal to or less than the trigger or threshold established by the City Council, the rent increase would not be subject to the RHDRP. Only those rent increases exceeding the threshold could be required to go to mediation and potentially arbitration. Direction is still needed from the Council regarding the trigger for a rent increase. At the December 1, 2015 meeting, the Council discussed thresholds ranging from two times the Bay Area CPI to 7-1/2 percent within a 12-month period but did not select a definitive rent increase trigger.

Staff proposes the Council set a specific threshold to provide certainty to both the landlords and the tenants who would be impacted by the ordinance if it is adopted. The majority of rental housing programs currently tie annual rent increases to a percentage increase of the CPI as shown in Table 1. Utilizing the CPI approach provides for an automatic annual adjustment to the threshold and

minimizes the need to amend the ordinance due to major changes in the economy, such as varying rates of inflation.

**Table 1 – Rent Increase Thresholds**

Cities with Set Percentage Rent Increase Thresholds	Cities with CPI Rent Increase Thresholds
Hayward (5%) Los Gatos (5%/70% CPI)* San Jose (8%) Beverly Hills (10%)	Berkeley (65% CPI)* San Francisco (60% CPI)* Oakland (100% of CPI)** East Palo Alto (80% CPI)* Santa Monica (75% CPI)* Los Angeles (100% CPI)* West Hollywood (75% CPI)*

\* CPI all items

\*\*CPI all items less shelter

In the early 1980s, cities generally adopted annual rent increases as fixed percentages and the selected percentages were comparable or below the rate of inflation. The annual percentage thresholds adopted in Northern California included: San Jose 8 percent, Oakland 10 percent, San Francisco 7 percent, and Los Gatos 5 percent. Starting in 1983, inflation rates decreased and Oakland and San Francisco amended their ordinances to tie the allowable annual rent increase to the percentage increase in the CPI. The City of San Jose is currently considering revising their ordinance as well. According to a Preliminary Report Studying the City of San Jose’s Apartment Rent Ordinance, landlords in San Jose typically raise rents to the maximum allowable percentage (8 percent), which has brought rent-controlled properties to a higher average rent than noncontrolled rental properties.

Some cities with CPI thresholds also have a maximum yearly cap for rent increases to address times when inflation or capital improvement pass-throughs are unusually high. Oakland and East Palo Alto have a 10 percent cap and San Francisco and Berkeley have a 7 percent cap.

Table 2 shows the CPI increases for the past 10 years. The CPI is a measure of the average change in prices over time in a fixed “market basket” of goods and services. CPI data is published by the Bureau of Labor Statistics. The CPI is based on prices of food, clothing, shelter, fuels, transportation fares, charges for doctors’ and dentists’ services, drugs, and the other goods and services that people buy for day-to-day living. User fees (such as water and sewer service) and sales and excise taxes paid by the

consumer are also included. The index measures price changes for the “market basket” of goods and services within a certain geographic area. The San Francisco-Oakland-San Jose, California CPI metropolitan area covers the following counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma, and Solano Counties.

**Table 2 – 10-year CPI Increases**

SF-OAK-SJ	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10-Year Average
CPI All Items	3.2%	3.3%	3.1%	0.7%	1.4%	2.6%	2.7%	2.2%	2.8%	2.6%	2.5%

- *Service Reductions:* A service reduction is a reduction in the level of benefits, privileges, or facilities related to the rental unit without a commensurate reduction in the rent. For example, as part of the rental agreement, a tenant may agree to pay a rental amount that includes the use of laundry facilities. If the laundry facilities are removed and not replaced and the tenant continues to pay the same amount of rent, he or she could bring this matter to the program and it is possible the tenant would be entitled to a reduction in the amount of rent they are paying.

#### *Disputes Subject to Conciliation and Mediation*

In addition to rent increases and service reductions, the City Council identified a number of other rental disputes that could be included in the RHDRP. These included 60-day notices, security deposits, repairs/maintenance, and termination of a lease by a tenant prior to the end of a lease. After studying other programs, and considering implementation of the program, staff recommends the rental disputes other than rent increases and service reductions be required to proceed to mandatory mediation but not binding arbitration. The majority of existing programs focus arbitration on rent increases and service reductions. Staff has some concerns about the added complexity and the capacity of the program to handle a potentially large volume and variety of complaints. However, the ordinance could be modified so that all of these disputes proceed to arbitration.

- *30- and 60-day Notices to Vacate.* State law requires landlords to provide 60-day termination notices to tenants who have lived in a rental unit for over one year and 30-day termination notices to tenants who have lived in a rental unit for up to one year. The ordinance imposes additional noticing requirements. Council briefly discussed 30-day notices but did not include them in the direction provided. It is possible to include disputes related to 30-day notices if these disputes only proceed through the first two dispute resolution methods. Mediation might be helpful in cases where the parties dispute whether the notice was done properly in

terms of the time frame and the contents of the notice. In addition, mediation provides an opportunity for the parties to reach another mutually acceptable timeline to vacate the rental unit or even resolve a dispute.

- *Security Deposits.* This is the only dispute in the program when a tenant who is no longer a resident of the rental unit can still participate in the RHDRP. By law, tenants should receive their full security deposit, or an itemized statement of deductions from their security deposit and any security deposit that is owed to them, within 21 days of vacating the unit. If the deduction exceeds \$125, receipts or other documentation must be attached. Mediation provides an opportunity to resolve disputes in cases where the procedure was not followed in accordance with State law or when parties disagree about certain deductions and provides an alternative to small claims court.
- *Repairs and Maintenance.* State law requires that all rental units contain an implied warranty of habitability to ensure the unit complies with State and local building and health codes. Landlords have to respond to a tenant's request for repairs within a reasonable period of time. When landlords do not respond, tenants often avoid legal remedies due to concerns about being evicted from the unit. Mandatory mediation provides an opportunity to address deficiencies in an informal way and work towards a mutually acceptable solution.
- *Termination of a Lease by a Tenant Prior to the End of the Lease Term.* Throughout the discussions of rent relief options, a few Councilmembers have expressed concern about tenants who may desire to leave the rental unit prior to the end of the lease term due to circumstances such as an illness or loss of a job. This issue may benefit from mediation as it offers the landlord and the tenant an opportunity to try to resolve the issue in a mutually agreeable manner.

### Arbitration Provisions

Because State law entitles the landlord to a just and reasonable rate of return, a binding dispute resolution procedure involving rent increases must also include objective criteria for the arbitrator to determine the reasonable rate of return in relation to a rent increase (for example, the cost of any capital improvements, maintenance, or rehabilitation costs or an amortization period). Those costs are generally allowed to be passed on to tenants, but would be subject to the RHDRP if the total rent increase exceeds the Council-adopted threshold. In drafting the ordinance, the goal was to keep the process as simple as possible while ensuring the parties could present the relevant information for the arbitration to determine the reasonableness of the proposed rent increase.

### Administration of the Program (Contract, Costs, Etc.)

Council directed staff to design a program that would be administered by a third party with expertise in dispute resolution. Staff has discussed the proposed program with Project Sentinel, the current administrator of the City's voluntary mediation program. Project Sentinel has been administering the mandatory mediation programs of Palo Alto, Fremont, and Campbell, as well as the arbitration programs of Los Gatos and Hayward. Project Sentinel is the only nonprofit agency in the Bay Area that administers mediation/arbitration programs, so staff is recommending the City contract with Project Sentinel to administer the RHDRP.

The existing Voluntary Mediation Program serves up to 225 cases annually at a cost of \$88,540. The City will not have a proposal with a detailed cost estimate for administering the proposed RHDRP until the Council has chosen the program's final components and parameters. However, a preliminary estimate has been made based on the program outlined in the attached Ordinance and this program is expected to cost approximately \$110,000 annually in addition to the budget for the volunteer mediation program. Preliminary estimates indicate that basic services (including Conciliation and Mediation) will cost around \$82,000 annually and the arbitration process could cost an additional \$28,000 annually for a total additional program cost of about \$110,000.

The agency administering the RHDRP would provide basic services, including telephone, e-mail, and in-office landlord and tenant education and counseling, as well as conciliation and mediation of ordinance-related landlord and tenant issues. The agency would also administer the arbitration services for this program using professional arbitrators to work with tenants and landlords. In addition, the agency would provide training and outreach services, including training of mediators and arbitrators, ongoing monthly evaluation and training meetings, education and outreach meetings in the community, annual workshops, marketing, and handouts and summaries explaining the RHDRP.

### *Implementation Plan*

The RHDRP will require Project Sentinel to hire one new full-time case manager. They estimate it will take 45 to 60 days for the initial start-up of the program. More time will be required for outreach and educational workshops to assist landlords and tenants in understanding the new program. The initial start-up will also require funding for City staff to help develop the outreach programs, administrative policies, do noticing, modify the City's existing database, and manage the landlord registration process. This initial implementation phase may require contract employees to help get the program under way quickly. The initial start-up is estimated to cost up to \$70,000 in addition to



any Project Sentinel funding. Ongoing City management of the RHDRP would probably cost around \$20,000 annually.

#### *Registration and Cost Recovery*

Under the draft ordinance, landlords are required to register to ensure participation in the RHDRP. The Council has discussed the adoption of a fee to cover the costs for the RHDRP. A majority of landlords already pay a fee to the City of Mountain View to support the Multi-Family Housing Inspection Program which inspects properties with three or more rental units in a single building. This fee is charged on a per-unit basis and is \$5/year for each unit with no serious City Code violations and \$17/year for each unit with serious City Code violations. The program is under review and additional resources may be required to ensure it accomplishes its intended goals.

Mountain View currently has approximately 15,742 rental units in buildings containing three or more units. All of these rental units would be subject to conciliation and mandatory mediation. About 90 percent of these units were built before 1995 (14,168 units) and would also be subject to mandatory and binding arbitration under the draft ordinance. Two different fee levels have been calculated based on whether the unit received a Certificate of Occupancy before or after February 1, 1995. The estimated program costs for conciliation and mediation were divided equally among all of the rental units with three or more units in a building, since all of these units are covered by these services. The resulting fee is \$5.21 per unit ( $\$82,000/15,742 \text{ units} = \$5.21 \text{ per unit}$ ). Units with Certificates of Occupancy issued prior to 1995 would also share the costs for the arbitration component of the program. The total fee for these units would be \$7.19 per unit ( $\$28,000/14,168 \text{ units} = \$1.98 + \$5.21 \text{ for basic services} = \$7.19$ ). Staff is proposing fees of \$5 and \$7.

This fee would be in addition to the fees already charged through the Multi-Family Housing Inspection Program. Currently, the City bills the landlords for the Multi-Family Housing Inspection Program each January to cover the current fiscal year. If the City Council adopts an RHDRP, the \$110,000 ongoing costs and the cost-recovery fees will be included in the budget recommended for Fiscal Year 2016-17.

Staff contemplated presenting a more robust landlord registration that could include some level of data collection. However, the Council chose a program structure where any dispute resolution is initiated by the tenant or the landlord. With this type of program, the City does not monitor rent increases, so there may not be a need to collect rent data for the program. However, in the event the Council is interested in requesting rent data, clear direction should be provided and consideration should be given to staff resources to ensure collection and what would be done with this information.

Depending on the extent and duration of the data collection, the City may need to increase the fees to cover program administration.

#### *Database*

The Multi-Family Housing Inspection Program utilizes a database to monitor the inventory of rental units inspected in the program and to bill the landlords annually for the fees used to support the inspection program. The database has been in use for more than 20 years. It contains the address, parcel number, number of rental units at each address, owner and manager contact information, fee status, and inspection history for each property.

Staff has confirmed that with modifications, the Multi-Family Housing Inspection database could be utilized to track property participation (registration) and payment history for fees collected for the RHDRP. Any proposed RHDRP fees could be billed at the time the properties are billed for the multi-family housing fees.

#### *Compliance and Enforcement*

Like the other similar ordinances reviewed while drafting the proposed ordinance, it includes language prohibiting retaliation by a landlord for participation in the RHDRP and provides an affirmative defense to tenants in an unlawful detainer action if landlords do not comply with the requirements of the program. Further, a rent increase is only valid if a landlord complies with the noticing requirements included in the ordinance. Additionally, the ordinance delays implementation of any portion of the rent increase in excess of the threshold established by the Council during the dispute resolution process. Tenants are required to pay that portion of the proposed rent increase up to the threshold established by the Council while going through the dispute resolution process. This requirement is intended to exert pressure on both parties to move through the dispute resolution program expeditiously.

In accordance with the direction of the Council, the ordinance does not contain any penalty provisions that would make a violation of the ordinance (such as failure to appear at a mediation or retaliation) an infraction or misdemeanor or provide a mechanism for staff to impose an administrative penalty for such a violation. Campbell's ordinance includes a penalty provision for retaliatory evictions only and makes such a violation an infraction. Los Gatos' ordinance does not include an enforcement provision. Without these tools, the City cannot pursue any enforcement action related to the RHDRP.

### *Other Provisions*

The proposed RHDRP includes a requirement that the landlord provide written notice of the program to tenants upon signing a lease, renewing a lease, and when notifying a tenant of a rent increase and a provision expressly stating it is unlawful for the landlord to retaliate against any tenant who utilizes this program. As with the Right-To-Lease Ordinance, staff could prepare a notice for use by landlords and the notice could be in multiple languages.

### Public Outreach

The City held an outreach meeting and two focus group meetings to obtain public input on the potential RHDRP. Copies of a draft ordinance to implement the program were provided to participants prior to the meetings.

The first meeting was held on February 3, 2016 for Spanish-speaking residents. Spanish translation was provided so residents would have access and an opportunity to understand the proposed RHDRP. A focus group meeting with rent relief and affordable housing advocates was held on February 9, 2016, and a focus group meeting with advocates for landlords was held on February 10, 2016.

Meeting notes for each of these meetings are attached (Attachment 8). The summaries in this section contain some of the key policy issues raised at the meeting and a more comprehensive meeting summary can be found in the attached notes.

### *Key Issues from Spanish Language Meeting*

- The rent increase threshold should be set below 5 percent. Residents noted their salaries were not increasing 5 percent each year, especially for seniors on fixed incomes.
- The ordinance might encourage landlords to terminate tenants in order to charge higher rents to new tenants. To address this possibility, several residents requested that Council consider adopting just-cause eviction provisions as part of the ordinance.
- Residents asked how the City would prevent large rent increases before the effective date of the ordinance and were worried that tenants who recently received rent increases will now get two rent increases in a short period of time.
- Residents were concerned that there is nothing protecting renters and long-time residents.

- Allowable pass-throughs for rent increases should not be allowed for routine maintenance and repairs, which are part of the long-term apartment budget and current rents.

*Key Issues from Rent Relief and Affordability Advocates Meeting*

- Representatives were concerned that landlords will evict tenants in order to raise rents and suggested the City add a provision to only allow landlords to raise the rent if the vacancy is voluntary.
- The City should have a robust registration and database to track ordinance compliance.
- Representatives strongly supported binding arbitration and also including rental units built after 1995 in the mandatory mediation process.
- The ordinance should have strong enforcement and compliance measures.
- Notices about the program should be translated into the language of the tenant.

*Key Issues from Landlord Advocates Meeting*

- Representatives did not support a Rent Dispute Resolution Program, particularly binding arbitration, because they believe this is rent control.
- If a rent increase threshold is adopted, it should be 10 percent, since this coincides with State law that requires a 60-day notice for rent increases over 10 percent.
- Landlords who do not raise rents in one year should be able to charge two times the threshold the next year.
- The ordinance should have a sunset provision based on vacancy rates, rents, or other economic indicators.
- The implementation timeline should include a major outreach to landlords to explain the new ordinance.

## Other Issues

### *Mobile Home Parks*

The Council has not discussed whether the RHDRP should also include mobile home parks. Mobile home owners typically buy mobile homes already in a mobile home park and rent the space for their mobile home in addition to any mortgage they may have for the purchase of the mobile home. For mobile home owners, an increase in space rent can also significantly reduce the market value of their mobile home since buyers would consider both the purchase price and space rent in their purchase decisions. At the March 1 Council meeting, a number of mobile home park residents spoke and raised issues similar to those raised in 2001-2003.

Between August 2001 and December 2003, the City undertook an extensive study and public participation program for the six mobile home parks in Mountain View. This study was initiated by park residents who expressed concerns with increasing space rents and questionable management practices. At that time, some mobile home owners were asking the Council to adopt rent control for the City's mobile home parks.

If Council is interested in having mobile homes included by the RHDRP, staff recommends that direction be provided and outreach and a separate agenda item could be presented in the future.

### *Regulation of Rents While RHDRP is Implemented*

Throughout the Council's discussion of rent relief, tenants have expressed concern that landlords may evict tenants to increase rents or impose large rent increases before the effective date of any legislation. If Council decides to introduce the RHDRP ordinance, Council could consider adopting an urgency ordinance to prevent unreasonable rent increases during the time period it takes to implement the RHDRP, which is expected to be 45 to 60 days.

Section 514 of the City Charter authorizes the City to adopt an urgency ordinance as a measure for preserving the public peace, health, or safety of the community provided it contains a statement of the reasons for its urgency. An urgency ordinance may be introduced and adopted at one meeting if passed by at least five affirmative votes. Such an ordinance could regulate rent increases on a temporary basis until the RHDRP is implemented. This measure would include an expiration date that is coordinated with the RHDRP implementation. A draft urgency ordinance is included as Attachment 4 to the Council report and has a sunset date of April 29, 2016 because the urgency ordinance is only valid for 45 days. If the RHDRP cannot be implemented by this date, the urgency ordinance can be extended for a brief period. The urgency ordinance is not

drafted to freeze rents; it establishes a permissible increase during the term of the urgency ordinance in order to comply with State law and provide landlords with a just and reasonable rate of return. If Council is inclined to adopt the urgency ordinance, staff recommends using the same rent threshold selected for the RHDRP as the permissible rent increase during the short time the urgency ordinance is in effect.

### *Right-to-Lease Ordinance*

Staff recommends a few modifications to the Right-to-Lease Ordinance for clarification purposes. The proposed amendments respond to questions that arose during the implementation of the ordinance. Specifically, the ordinance requires landlords to offer tenants a written lease with a minimum of two option terms: six months and one year. The proposed language attempts to clearly state this requirement. In addition, the language was clarified regarding the requirements that these two options be offered each time. The changes can be found in Attachment 3, which is a redlined version.

### **FISCAL IMPACT**

An RHDRP would require General Fund support for its initial implementation. Ongoing administration could be fully or partially recovered by implementation of a fee for the costs of the program. Implementing the program for a full fiscal year is estimated to cost approximately \$110,000 for Project Sentinel to administer the program, which, if the Council approves an RHDRP, would be included in the Recommended Budget for Fiscal Year 2016-17. Additional one-time City expenses of \$70,000 for noticing, advertisements, and outreach programs would be required and an appropriation for the current fiscal year has been included for City Council consideration in the recommendation. After these initial start-up expenditures, it is anticipated the fees could be sufficient to cover ongoing program administration.

### **CONCLUSION**

A proposed RHDRP and implementation plan have been prepared for Council's consideration. This report describes the draft ordinance and the plan to implement an RHDRP.

If Council decides to adopt the RHDRP, it will need to confirm the scope of the program and the dispute resolution phases. In addition, the Council must determine the rent increase threshold and effective date of the RHDRP ordinance.

To implement the RHDRP, staff seeks direction regarding administration of the program, the adoption of an RHDRP fee, and an appropriation to initiate implementation of the program.

Council could also decide to adopt an urgency ordinance to regulate the rents for rental units until the RHDRP is implemented.

Finally, staff proposes some clarifying amendments to the Right-to-Lease Ordinance.

### **ALTERNATIVES**

1. Direct staff to modify the proposed RHDRP to include only conciliation and mandatory mediation (see Attachment 9).
2. Direct staff to modify the proposed RHDRP to include conciliation, mandatory mediation, and mandatory, but not binding, arbitration. With this option, binding arbitration could be reconsidered after six months to one year of experience if the program is not effective without binding arbitration (see Attachment 10).
3. Decide not to adopt the RHDRP.
4. Charge a fee other than full cost recovery to support the RHDRP.
5. Direct staff to return with an agenda item regarding mobile home parks and whether to include them in an RHDRP.
6. Provide other direction to staff.

## **PUBLIC NOTICING**

The meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television. Notices have been sent to affordable housing advocates, rent relief advocates, landlords, Tri-County Apartment Association, the Silicon Valley Association of Realtors, all apartment renters in Mountain View, and other interested parties. Notices in English and Spanish were also placed in the *Mountain View Voice* and the meeting was promoted using social media.

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JLQ-LL/KB/7/CAM  
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- Attachments:
1. Ordinance Adding Article II to Chapter 43 of the Mountain View City Code to Adopt a Rental Housing Dispute Resolution Program
  2. Fee Resolution
  3. Ordinance Amending Article I of Chapter 43 of the Mountain View City Code Related to the Right-to-Lease Ordinance
  4. Urgency Ordinance Regulating Certain Residential Rent Increases in Mountain View
  5. [October 19, 2015 Study Session Memo](#)
  6. [October 27, 2015 Council Report](#)
  7. [December 1, 2015 Council Report](#)
  8. Outreach Meeting Notes
  9. Ordinance Adding Article II to Chapter 43 of the Mountain View City Code to Adopt a Rental Housing Dispute Resolution Program (Including Conciliation and Mediation)
  10. Ordinance Adding Article II to Chapter 43 of the Mountain View City Code to Adopt a Rental Housing Dispute Resolution Program (Including Nonbinding Arbitration)