



**DATE:** March 28, 2022

**TO:** Rental Housing Committee

**FROM:** Karen M. Tiedemann, Special Counsel to the Rental Housing Committee  
Nazanin Salehi, Special Counsel to the Rental Housing Committee  
Anky van Deursen, Program Manager

**SUBJECT:** Draft Amendments to Chapters 2 and 11 of CSFRA Regulations

**RECOMMENDATION**

1. Adopt a Resolution of the Rental Housing Committee of the City of Mountain View Amending Regulations: Chapter 2: Definitions, of the Community Stabilization and Fair Rent Act (CSFRA), to be read in title only, further reading waived (Attachment 1 to this memorandum).
2. Adopt a Resolution of the Rental Housing Committee of the City of Mountain View Amending Regulations: Chapter 11: Registration, of the Community Stabilization and Fair Rent Act (CSFRA), to be read in title only, further reading waived (Attachment 2 to this memorandum).

**BACKGROUND AND ANALYSIS**

The following changes are being proposed to provide greater clarity and to bring the Community Stabilization and Fair Rent Act (CSFRA) Regulations into alignment with the Mobile Home Rent Stabilization Ordinance (MHRSO) Regulations.

**A. CSFRA Chapter 2 Amendment**

Chapter 2 of the CSFRA Regulations provide definitions of terms commonly used throughout the Regulations. The proposed amendments to Chapter 2 seek to clarify the definition (and calculation) of the “Base Rent” as the term is used throughout the Regulations.

Recently, the program administration has received several questions from both Landlords and Tenants about the calculation of the Base Rent where the Landlord has provided a rent concession or reduction during the initial term of the tenancy. During the pandemic

especially, Landlords have sought to increase occupancy rates at their properties by providing prospective Tenants with rent concessions. For instance, some Landlords have offered several months rent-free to boost leasing and occupancy. However, upon expiration of the initial term of these tenancies, there has been confusion about what constitutes the Base Rent, leading to the imposition of rent increases greater than the Annual General Adjustment. As such, the proposed amendment provides additional guidance on how to calculate the Base Rent where a rent concession or reduction has been provided and paid during the initial term of the tenancy.

Currently, the definition in Chapter 2 provides the Base Rent, for tenancies that commenced on or after October 19, 2015, is the “initial rent rate charged upon initial occupancy,” and that the “initial rental rate” means “only the amount of Rent actually paid by the Tenant for the initial term of the tenancy.” The proposed amendment would add the following clarification:

“If a temporary rent concession or reduction is provided by the Landlord during the initial term of the tenancy, the ‘initial rental rate’ shall be the average amount of Rent actually required to be paid by the Tenant during the initial term of the tenancy. For example, if a Tenant agrees to pay \$1,000/month for 12 months for a Rental Unit and the Landlord provides a concession of two free months, then the Base Rent for the Rental Unit shall be \$833.33  $((10 \times \$1,000)/12)$ .”

This proposed amendment is aligned with the information that the program administration has been providing to Landlords and Tenants who have reached out with questions. It would not constitute a change in the way the program has previously enforced the relevant provisions of the CSFRA and the Regulations.

#### **B. CSFRA Chapter 11 Amendment**

At the November 15, 2021, meeting, the Rental Housing Committee (RHC) adopted Chapter 11 of the Regulations for the Mobile Home Rent Stabilization Ordinance (MHRSO). Chapter 11 of the MHRSO Regulations requires Mobile Home Landlords to provide Mobile Home Tenants and Owners with a “Notice of Applicability of the Mobile Home Rent Stabilization Ordinance” (Notice of MHRSO Applicability) at the outset of each tenancy. The Notice of MHRSO Applicability is intended to ensure that Mobile Homeowners and Tenants are aware of the MHRSO, including their and their Landlord’s rights and obligations under the law.

Staff is proposing to amend Chapter 11 of the CSFRA Regulations to Landlords of Rental Units to provide a similar notice—“Notice of Applicability of Community Stabilization and Fair Rent Act (CSFRA)”—at the commencement of each new Tenancy. Beginning May 1,

2022, Landlords will be required to provide each new Tenant with a Notice, in a form prescribed by the RHC, that includes the following information:

- The existence and scope of the CSFRA;
- Whether the Rental Unit is fully or partially exempt from the CSFRA and the basis for the claimed exemption; and
- The Tenant’s right to petition against certain increases.

A copy of the Notice must be filed with the RHC upon the Landlord’s initial registration and each subsequent change in the tenancy. Additionally, Landlords would be required to provide each affected Tenant with a copy of the Notice within fifteen (15) days after the expiration or inapplicability of an exemption.

The proposed amendment is intended to increase Tenants’ awareness of their rights and obligations under the CSFRA and increase enforcement of Tenants’ rights. In particular, the requirement that a Landlord provide information about any claimed exemption should facilitate the utility of the exemption petition process that the RHC recently adopted and that the program administration is implementing.

### **FISCAL IMPACT**

The adoption of the proposed amendments to Chapter 2 and Chapter 11 of the CSFRA Regulations is not anticipated to impact the RHC Budget.

**PUBLIC NOTICING**—Agenda posting.

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- Attachments:
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