

DATE: October 17, 2022

TO: Rental Housing Committee

FROM: Nazanin Salehi, Special Counsel to the Rental Housing Committee
Anky van Deursen, Program Manager

SUBJECT: **Amendments to CSFRA Regulations Chapter 3, Rules of Conduct, and CSFRA Chapter 6/MHRSO Chapter 7, Upward Adjustments**

RECOMMENDATION

To review and adopt amendments to CSFRA Regulations Chapter 3, Rules of Conduct, and CSFRA Chapter 6/MHRSO Chapter 7, Upward Adjustments.

1. Amend CSFRA Regulations Chapter 3, Rules of Conduct, to update the location of in-person Rental Housing Committee (RHC) meetings from the Plaza Conference Room to the Council Chambers.
2. Amend CSFRA Regulations Chapter 6 and MHRSO Chapter 7, Upward Adjustments, to clarify that qualified capital improvements must have a useful life of *at least* five years.
3. Update the CSFRA Maintenance of Net Operating Income Petition Authorized Expenses Amortization Schedule to be consistent with the CSFRA-Specified Capital Improvement Petition Authorized Expenses and Amortization Schedule in the following two categories:
 - Elevator Repair and Replacement; and
 - Electrical Submetering.

AUTHORITY

The Community Stabilization and Fair Rent Act (CSFRA) authorizes the Rental Housing Committee (RHC) to do the following:

- “Establish rules and regulations for the administration of” the CSFRA. (CSFRA Section 1709(d)(2).)
- “Adjudicate Petitions pursuant to Sections 1710 and 1711 [of the CSFRA] and issue decisions with orders for appropriate relief pursuant” to the CSFRA. (CSFRA Section 1709(d)(5).)

- “Hold public hearings.” (CSFRA Section 1709(d)(9).)

Similarly, the Mobile Home Rent Stabilization Ordinance (MHRSO) empowers the RHC to:

- “Establish rules and regulations for the administration and enforcement of” the MHRSO. (MHRSO Section 46.9(a)(3).)
- “Adjudicate Petitions and issue decisions with orders for appropriate relief.” (MHRSO Section 46.9(a)(6).)
- “Hold public hearings.” (MHRSO Section 46.9(a)(9).)

BACKGROUND AND ANALYSIS

A. CSFRA Chapter 3 Amendment

Chapter 3 of the CSFRA Regulations outlines the Rules of Conduct for the Rental Housing Committee and states the location for in-person RHC meetings. The proposed amendment to Chapter 3 of the CSFRA Regulations seeks to update this location to accurately reflect where RHC meetings are held from the Plaza Conference Room to the City of Mountain View Council Chambers.

Except as otherwise provided by the MHRSO Regulations, Chapters 1, 2, and 4 through 11, the rules of conduct for RHC meetings, as outlined in the MHRSO, shall be identical to those rules adopted by the RHC in Chapter 3 of the Community Stabilization and Fair Rent Act (CSFRA) Regulations. As such, the proposed CSFRA Regulation amendment applies to the MHRSO Regulations if adopted.

B. CSFRA Chapter 6/MHRSO Chapter 7 Amendments

Chapter 6 of the CSFRA and Chapter 7 of the MHRSO Regulations outline the procedures for Upward Adjustments, including the definition of Capital Improvements. CSFRA Chapter 6 and MHRSO Chapter 7 define capital improvements in Subsection C.10 and their applicable appendices. Capital Improvements generally extend the useful life of the property.

Upon review, the regulations set forth in Chapter 6 and Chapter 7 state that improvements must have a “*useful life of more than five years.*” This clerical error should be updated to a “*useful life of at least five years*” to accurately reflect improvements as described in the applicable amortization schedules.

Furthermore, the CSFRA Maintenance of Net Operating Income Petition Authorized Expenses Amortization Schedules require updates to be consistent with the CSFRA-Specified Capital Improvement Petition Authorized Expenses and Amortization Schedule. Staff recommends the following changes:

- Separate the Elevator Repair and Replacement into two categories:
 - Elevator Repair: 10 years; and
 - Elevator Replacement: 20 years.
- Adjust the Electrical Submetering to match other submetering categories from 20 years to 10 years.

FISCAL IMPACT

The adoption of the proposed amendments to Chapter 3 of the CSFRA Regulations and Chapter 6 of the CSFRA and Chapter 7 of the MHRSO Regulations is not anticipated to have any fiscal impact.

PUBLIC NOTICING—Agenda posting.

NS-AvD/JS/1/CDD/RHC
895-10-17-22M-2

- Attachments:
1. Draft Resolution to Adopt Amendment to Chapter 3 of the CSFRA Regulations
Exhibit A: Amendment to Chapter 3—Rules of Conduct
 2. Draft Resolution to Adopt Amendment to Chapter 6 of the CSFRA Regulations
Exhibit A: Amendment to Chapter 6—Upward Adjustments
 3. Draft Resolution to Adopt Amendment to Chapter 7 of the MHRSO Regulations
Exhibit A: Amendment to Chapter 7—Upward Adjustments