



MEMORANDUM

CSFRA, Community Development Department

DATE: July 23, 2019

TO: Council Community Stabilization and Fair Rent Act Subcommittee

FROM: Wayne Chen, Assistant Community Development Director
Aarti Shrivastava, Assistant City Manager/Community Development Director

SUBJECT: Possible City-Initiated 2020 Ballot Measure to Amend the Community Stabilization and Fair Rent Act

RECOMMENDATION

Provide input on the Subcommittee's desired process and begin identifying potential amendments to the Community Stabilization and Fair Rent Act for further evaluation for a possible City-initiated 2020 ballot measure.

BACKGROUND

In November 2016, the voters approved the Community Stabilization and Fair Rent Act (CSFRA) as a Charter amendment and went into effect December 23, 2016. The CSFRA enacted stabilization of rents to multi-family residential rental units constructed prior to 1995 and just-cause termination protections for multi-family units constructed prior to the effective date of the CSFRA on December 23, 2016. The full text of the CSFRA is in Attachment 3 of this report.

On November 27, 2018, the City Council accepted the Certificate of Sufficiency of "The Mountain View Homeowner, Renter, and Taxpayer Protection Initiative" (2020 Initiative). The 2020 Initiative was put forth by John Inks and Bryan Danforth to modify the CSFRA. The Council has the option to place this initiative on either the March 3, 2020 or November 3, 2020 ballot. The full text of the initiative is in Attachment 4.

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 Council CSFRA Subcommittee to facilitate this process (Attachment 1).

Separate from these processes, two policy issues have a potential or actual interaction with CSFRA. The first issue is also a Council goal and involves the consideration of whether mobile homes parks in Mountain View should be subject to rent stabilization. The CSFRA does not expressly address mobile homes. In 2018, the Rental Housing Committee (RHC) adopted a resolution finding that the CSFRA did not apply to mobile homes or mobile home spaces. A lawsuit was filed, and the court agreed with the RHC that the CSFRA is ambiguous as to whether mobile homes and mobile home lots are covered: “Because the CSFRA is ambiguous, it was within the RHC’s discretion to determine whether or not the CSFRA applies. While reasonable minds can differ about the wisdom of the RHC’s decision, the court must uphold the RHC’s decision because it is reasonable.” The tenants are appealing the decision.

The second issue is the interaction of a soft-story retrofit program and the CSFRA. Most soft-story buildings are older apartments that are covered by the CSFRA. Under the current CSFRA program, landlords may be able to recover the cost of retrofits through the petition process if the retrofits are mandatory. The Council deliberated on this issue at a June 4, 2019 Study Session and asked staff to assess the possibility of a more streamlined capital improvement petition process specific to soft-story retrofits.

At the State level, Assembly Bill 1482 passed the Assembly and is now in the Senate where it has been referred to the Senate Appropriations Committee for consideration. As currently drafted, AB 1482 would impose a Statewide rent cap and impose just-cause eviction.

ANALYSIS

Staff seeks the Subcommittee’s input on: (1) identification of potential amendments to the CSFRA that it would like staff to further evaluate; and (2) the timeline and process for this 2020 ballot initiative process. The 2020 Initiative proposes several amendments, and there may be other sections that the 2020 Initiative does not cover that the Subcommittee would like staff to assess. Additionally, the Subcommittee and Council may wish to consider certain “cleanups” that could facilitate ease of program administration and add clarity to certain parts of the program that currently require some interpretation to administer (see Attachment 2 for staff input on potential amendments). Finally, it should be noted the items to be discussed may vary in levels of complexity. Therefore, the number of items and the level of complexity could have a material impact on timeline/process of this City-initiated ballot amendment. The timeline below targets a March 2020 ballot initiative, which requires Council approval of a City-initiated Charter amendment no later than December 6, 2019. However, this is

a tight timeline, and, depending on the number and complexity of issue areas staff is asked to evaluate, a longer process to meet a November 2020 ballot initiative timeline could be required.

Summary of 2020 Initiative Key Amendments

Attachment 2 provides a comparison of the CSFRA and the amendments proposed by the 2020 Initiative. The following is a list of the initiative's key amendments:

- Income eligibility requirement
- Suspension based on vacancy rate
- Modification to just-cause provision
- Restriction on use of City funds
- Maximum rental housing fee
- Treatment of capital improvements in the petition process
- Establish a Rental Housing Dispute Resolution Program (RHDRP) during suspension of the CSFRA

City-Initiated Charter Amendment

Staff seeks the Subcommittee's initial input on potential CSFRA amendments in order for staff to begin its evaluation. These could be modification(s) to or addition of specific sections in the CSFRA, or the Subcommittee could provide more general policy direction/issues for staff to further evaluate and that would later need to be developed into section language if supported by the Council.

Question 1: What potential CSFRA amendments does the Subcommittee want staff to begin evaluating?

Process and Timeline

The Council has the option of placing the initiative and a City measure on either the March 2020 or November 2020 ballot. Below is a suggested process for a March 2020 City ballot measure. However, as noted above, the ability to meet this timeline is highly dependent on the number and complexity of the issues staff is asked to evaluate

The RHC sent a letter (Attachment 5) offering to provide input on possible changes to the CSFRA. Staff seeks Subcommittee direction on how it wishes to gain RHC input and if it wishes to add additional stakeholder (e.g., tenants and landlords) meetings to this process to receive input. Staff has prepared a proposal for the Subcommittee’s consideration.

Table 1: Proposal Process for March 2020 Ballot

<p><i>7/23/2019 – First Council CSFRA Subcommittee Meeting</i></p> <ul style="list-style-type: none"> ○ Select Chair ○ Hear a presentation comparing CSFRA and Initiative ○ Subcommittee brainstorming on potential CSFRA amendments ○ Formulate request for RHC input ○ Provide direction on outreach to other stakeholders ○ Set meeting schedule
<p><i>August 2019 – Rental Housing Committee</i></p> <ul style="list-style-type: none"> ○ Discuss potential CSFRA amendments to be able to provide input to Subcommittee
<p><i>August 2019 – Second Subcommittee Meeting</i></p> <ul style="list-style-type: none"> ○ RHC, stakeholders, and public provide input to Subcommittee
<p><i>9/12/2019 – Third Subcommittee Meeting</i></p> <ul style="list-style-type: none"> ○ Subcommittee considers input and prepares recommendation for City Council
<p><i>9/24/2019 – Council Study Session</i></p> <ul style="list-style-type: none"> ○ Subcommittee provides a report to City Council for consideration
<p><i>Mid-October 2019 – Fourth Subcommittee Meeting</i></p> <ul style="list-style-type: none"> ○ Subcommittee discusses Council Study Session input
<p><i>Early November 2019 – Fifth Subcommittee Meeting</i></p> <ul style="list-style-type: none"> ○ Subcommittee prepares final recommendation for ballot language to be forwarded to City Council for City-Sponsored Measure
<p><i>11/19/2019 – Council to consider whether to put on the ballot (New Business)</i></p>
<p><i>12/3/2019 – Last Council date to consider Charter amendment</i></p>
<p><i>12/6/2019 – Deadline to submit ballot measure</i></p>

*Question 2: Does the Subcommittee have input on the timeline and process described above?
Does the Subcommittee wish to add stakeholder meetings to this process?*

FISCAL IMPACT

The Fiscal Year 2019-20 Adopted Budget includes \$20,000 for the exploration of changes to the CSFRA, which should be sufficient for consultant assistance. The budget does not include funds for placing a measure on the ballot.

PUBLIC NOTICING – Agenda posting.

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- Attachments:
1. CSFRA Subcommittee Formation (June 25, 2019 Council Report)
 2. Comparison of CSFRA and Initiative
 3. Community Stabilization and Fair Rent Act (CSFRA)
 4. The Mountain View Homeowner, Renter, and Taxpayer Protection Initiative (Initiative)
 5. Rental Housing Committee Letter to Council (June 30, 2019)