



DATE: December 1, 2015

CATEGORY: Unfinished Business

DEPT.: Community Development /
City Attorney's Office

TITLE: **Consideration of Rent Relief Options**

RECOMMENDATION

Consider a variety of rent relief options and take action or provide direction on one or more of the following:

1. Introduce an Ordinance Adding Chapter 43 to the Mountain View City Code Regarding Written Residential Rental Leases, to be read in title only, further reading waived, and set the second reading for December 8, 2015 (Attachment 1 to the Council report).
2. Appropriate \$150,000 in the Below-Market-Rate Housing Fund for rental assistance and authorize the City Manager to enter into an agreement with the Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (CSA) to administer the program. (Five votes required)
3. Identify the components of a Mandatory Mediation Program.
4. Appropriate and transfer \$27,000 from the General Fund Reserve to the Community Development Department and appropriate \$23,000 in the Rental Housing Impact Fund for preparation of a rent study and authorize the City Manager to enter into an agreement with consultants to prepare the study. (Five votes required)
5. Identify the purpose and components of data collection.
6. Discuss a safe parking program for recreational vehicles.
7. Provide other direction regarding the rent relief options, including, but not limited to, those discussed at the October 19, 2015 Study Session.

PURPOSE

The purpose of this agenda item is for the Council to discuss, hear public testimony, and take action or provide direction on a number of rent relief measures, including, but not limited to, those raised at the October 19, 2015 Study Session, as well as to discuss safe parking programs for recreational vehicles (RV).

BACKGROUND

On October 19, 2015, the City Council held a Study Session to hear from housing experts and the public, and to discuss a range of potential rent relief options (Attachment 2). The Study Session was held in response to residents attending Council meetings and requesting action to prevent high rent increases. High rent increases are being reported throughout the Bay Area, along with reports of lower-income households having to work multiple jobs, doubling up in overcrowded apartments, or moving to other communities. Fifty-eight (58) percent of Mountain View residents rent their homes and in the four years from 2011 to 2015, average monthly asking rents have increased almost 53 percent.

The rent relief options considered by the Council included mandatory programs controlling rent increases, a moratorium, voluntary programs providing incentives to control rents, protections from sudden evictions, and limited-term rent subsidies. The Council chose the following options and issues for further consideration:

1. Right-to-Lease/90-Day Notices;
2. Expanded emergency rent assistance;
3. Mandatory mediation for rent disputes; and
4. Collect data on rent increases and a possible cost-recovery fee increase to support new rent relief programs.

Based on Council direction, on October 27, 2015, the Council considered an urgency ordinance requiring landlords to offer tenants written leases for 6- and 12-month terms. The other item Council had requested in the ordinance, expanded timelines for eviction notices, was not brought forward due to legal concerns. The Council declined to adopt an urgency ordinance that evening and directed staff to draft a nonurgency ordinance requiring the provision of written leases.

In addition to the rent relief options discussed at the October 19 Council Study Session, this report also provides a brief overview of safe parking programs as directed by the Council at its November 10, 2015 meeting. Increasing numbers of RVs have been parking on City streets and are being used as housing. The Council directed staff to provide a description of safe parking programs which is contained in this report. If the Council wants to consider action on a safe parking program for Mountain View, direction could be provided and/or it could be agendaized for a future Council meeting.

This report outlines each of these items to guide the Council's discussion.

ANALYSIS

1. **Right to Lease Ordinance**

The draft ordinance is based on Palo Alto's Rent Stabilization Ordinance which requires landlords to provide current and prospective tenants with a one-year written lease. Staff was also directed to include additional provisions regarding the rental rates for month-to-month tenancies and tenancies subject to a written lease, a registration requirement for landlords, a requirement for landlords to notify tenants of the written lease provision, and penalties for noncompliance (see Attachment 1 – Ordinance).

The proposed ordinance applies to all "rental units." It utilizes the same definition of rental units as the Multi-Family Housing Inspection Program and includes "any situation in which three or more dwelling units exist in a single structure and are used as rental housing." Single-family dwellings, condominiums, duplexes, and corporate housing are not covered by the ordinance. The Council could choose to define rental units more broadly or modify the exclusions contained in the ordinance.

If adopted on December 8, 2015, the ordinance would become effective on January 7, 2016. In terms of implementation, the ordinance would not immediately apply to those existing tenancies already subject to a written lease. The ordinance would apply once the written lease expires. The ordinance would apply to all new tenancies created after the effective date of the ordinance. However, the Council needs to determine when the ordinance would apply to a third category of tenancies – the existing month-to-month tenancies. The landlords will need some time to comply with the requirement to provide written leases to current tenants on month-to-month leases. If an ordinance is adopted, staff intends to mail written notice to the landlords subject to the ordinance notifying them of the ordinance and specifying the compliance date. You will notice a blank space in the draft

ordinance for the date the landlords will be required to provide the lease options to tenants who do not currently have a written lease. Staff suggests a date between February 1 and April 1 as a compliance date.

The draft ordinance requires all landlords of rental units (3 or more units in a single building) to register with the City and provide contact information and information regarding the number of units under the landlord's control. Landlords are also required to provide tenants with notice of the right-to-lease ordinance and must do so either by providing written notice to the tenants or electronically if the application and rental agreement are processed electronically.

Council expressed a desire to include a provision requiring the rents for units rented with a written lease be no greater than the rent for units rented on a month-to-month basis. Typically, rental rates for longer-term leases are more affordable than short-term or month-to-month leases as landlords also appreciate having a stable tenant and avoiding the expenses related to a new tenant such as painting or recarpeting a unit or a vacancy for any period of time. A provision has been drafted to require the rental rate for a unit subject to a lease be no greater than a month-to-month tenancy. The provision is drafted so the landlord retains the ability to set the rental rate in compliance with the Costa-Hawkins Rental Housing Act (Costa-Hawkins). This provision might be worthy of further discussion in light of the information provided by landlords regarding the rents charged for tenancies subject to a written lease.

A provision regarding reapplication fees was requested. It appears it is not the practice to require tenants to reapply in order to continue to occupy the same unit. State law authorizes landlords to charge an applicant a screening fee (currently a maximum of \$45.99 per applicant) to cover the costs of obtaining information about an applicant, including personal reference checks and credit reports. The fee cannot be greater than the actual out-of-pocket costs of gathering the information about the applicants. Language has been included in the ordinance to address this concern for existing tenants while permitting a landlord to charge the screening fee to new tenants who are added to the lease.

The Council also directed staff to include a penalty provision. Under the proposed ordinance, the failure to comply with the requirements of the ordinance constitutes an infraction. An infraction is an offense punishable by a fine not exceeding \$250 and is not punishable by imprisonment. A misdemeanor is a more serious offense, punishable by a maximum of six months in jail, a \$1,000 fine, or both. The Council can modify this provision if it so desires.

To the extent possible, the ordinance has been revised to include the provisions requested by the City Council. You will notice the ordinance does not require the landlord to allow a tenant to terminate a written lease prior to the end of the lease term if the landlord notifies the tenant a subsequent lease will include an increase in rent. Under California law, landlords and tenants are bound to the length of the lease unless the other party violates the terms of the lease. In certain situations, such as a tenant entering active military service or if the tenant is a victim of domestic violence, the tenant can terminate a lease prior to the end of the lease term. Otherwise, a landlord has the right to recover the rent due from the tenant for the remainder of the lease term. In this situation, a landlord is required under State law to use reasonable efforts to rent to a new tenant. This obligation applies regardless of the tenant's reason for leaving. Once a new tenant leases the apartment, the prior tenant would no longer be responsible for the rent due under the lease.

2. **Rental Assistance**

At the October 19, 2015 Council Study Session on rent relief options, the Council directed staff to work with CSA to develop a rental assistance program to be administered by CSA. The City currently provides \$36,000 to CSA for a limited emergency rental assistance program. CSA is presenting three options to provide rental assistance and case management services to lower-income households (households earning less than 80 percent of the Area Median Income). These programs would help families stabilize from rent increases and help prevent households from displacement or becoming homeless. Funding for a new case manager, estimated at \$63,000, is included in the cost estimates for these options:

- Option 1—Expanded Emergency Rental Assistance. This basic emergency rental assistance program provides two months of full rental assistance toward stabilizing households and preventing displacement and homelessness. The estimated cost of this option is \$215,000. Approximately 27 clients would be served annually at an average per-household cost of \$5,630. Minimal counseling and services would be provided under this option.
- Option 2—Housing Stabilization Program. The Housing Stabilization Program (HSP) provides rental assistance, financial education, credit counseling, case management, search and relocation assistance, and assistance with moving costs, security, and utility deposits. The HSP is a more comprehensive program to stabilize households and is patterned after the Federal Homelessness Prevention and Rapid Re-Housing Program, which

is based on Best Practices and guidance offered by homelessness advocacy and research groups. This approach differs from the Expanded Emergency Rental Assistance Program in that it provides a higher level of services and rental assistance for a longer term (up to four months with the flexibility to provide assistance up to nine months for clients with extenuating circumstances). The program is intended to produce a more lasting and positive result for the participating households. CSA estimates this comprehensive program would cost about \$420,000 annually. Approximately 40 clients would be served at an average per-client cost of \$8,925. The City of Sunnyvale has a similar program with a budget of \$250,000 for the initial pilot program, which serves fewer households than the program proposed for Mountain View.

- Option 3 – Rent Increase Gap Funding. CSA is also studying a third option to determine whether it is feasible. This option would provide funding to cover rent increases. For example, a household paying \$2,000 per month with a 10 percent rent increase would receive \$200 per month rent assistance. Assistance would be available for four months and up to nine months for households with extenuating circumstances, such as children in school or health issues. Case management and counseling services would be provided to clients. This program would be more difficult for CSA to administer because of the small amounts of funding per household, verification of rent increases, and the volume of people receiving assistance. However, this option has the potential to serve the most people for the same budget and could assist over a 100 clients per year if the budget were similar to the HSP option.

For the HSP, CSA would also be contributing funds and has indicated Santa Clara County funding for this program may be available at a later date. The amount, criteria, and timing of the County funding are not yet known and it is not clear whether County funds will be a long-term funding source. County funds would not be available for the Expanded Emergency Rental Assistance Program. Staff recommends an appropriation of \$150,000 at this time to fund a new case manager and launch a pilot program. Additional City funding may be requested during the budget cycle for Fiscal Year 2016-17, based on the Council's selected option.

3. **Mandatory Mediation**

At the October 19, 2015 Study Session and October 27, 2015 City Council meeting, Council directed staff to prepare information regarding a mandatory mediation program for rental disputes and return to Council for further direction. Project

Sentinel provides mediation services to landlords and tenants in the City of Mountain View. Mediation is currently provided on a voluntary basis (i.e., both parties must agree to mediation). Staff has reviewed the mandatory mediation programs in Alameda, Campbell, Fremont, Los Gatos, Palo Alto, and San Leandro in preparation for Council's discussion of the components it desires to include in such a program.

Of all the surveyed cities, Mountain View has the highest number of rented units, 18,641, and percentage of renters, 58 percent.¹ Table 1 below summarizes and compares the programs in these six cities. The numbers provide a one-year snapshot of the programs, including the rent increase cases and the resulting number of rent increase agreements between landlords and tenants. This is a single-year sample and the number of cases and agreements can vary significantly from year to year. It is likely, due to recent rent increases reported by RealFacts, that the Fiscal Year 2014-15 numbers represent the high end of the volume experienced by these programs.

This section will review the basic components of these programs. Staff seeks direction from Council whether to draft an ordinance establishing a mandatory mediation program and if so, the elements to be included in a program. The program could include multiple steps, starting with informal counseling or conciliation services and then mediation. The program could include a third step such as arbitration or rent review by a panel, board, or even the City Council.

¹ U.S. Census American Community Survey numbers that include single-family homes and condominium rentals.

Table 1. Cities with Mandatory Mediation or Rent Review Programs

City	Conciliation/ Mediation Program	Binding Arbitration	Fact Finding Board or other Non- Binding Third Step	No. of FY 2014-15 Rent Increase Cases	No. of FY 2014-15 Mediated or other Voluntary Agreements for Rent Increase Cases	Annual No. of Binding Decisions for Rent Increase Cases	Program Administered By	Number and Percentage of Rented Units (2009-13 ACS Data)
Palo Alto	Yes	No	No	14	6 (43%)	N/A	Project Sentinel	11,700 45%
Los Gatos	Yes	Yes	No	23	5 (22%)	One per year average	Project Sentinel	4,465 36%
Campbell	Yes	No	Yes	124	10 (8%)	N/A	Project Sentinel	7,754 48%
Fremont	Yes	No	No	40	12 (30%)	N/A	Project Sentinel	26,165 37%
San Leandro	No	No	Yes	95	53 (56%)	N/A	City Staff and ECHO	13,630 44%
Alameda	No	No	Yes	64	49 (77%)	N/A	Housing Authority	15,472 52%

Potential Components of a Mandatory Mediation Program

Conciliation Services

Conciliation services are provided by a third party who contacts the landlord and tenant involved in the dispute, 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.

Mediation

If conciliation is not successful in resolving the dispute, then either party can request the matter be mediated. Once a request is made, both parties would be obligated by an ordinance to attend mediation. This is the mandatory portion of the program. The mediator would meet with the parties and encourage them to find a mutually acceptable solution. A resolution is not imposed on the parties. The parties must agree in order to resolve the matter. If the parties reach an agreement and enter into a written agreement, only then would the resolution be binding upon the parties.

Additional Dispute Resolution Options

Council could consider including an additional dispute-resolution option in the event mediation does not resolve the dispute. Whether it is voluntary or mandatory, this step in the process could consist of a hearing by a single arbitrator or a review of the proposed rent increase by a fact-finding panel, board, or City Council. Attendance at the dispute resolution hearing could be voluntary or mandatory. Likewise, the outcome could be advisory or binding. Adding a dispute resolution component with a binding outcome would be a form of rent regulation because a party other than the landlord (either the City or a designated service provider as is discussed later in this report) would determine the permissible rent increase and this determination would be binding upon the parties.

A program authorizing an arbitrator, panel, or board to render a binding decision regarding the permissible amount of a rent increase would be required to comply with Costa-Hawkins. Disputes regarding rent increases for rental units constructed prior to February 1, 1995 could be subject to a binding resolution. However, single-family homes and condominiums would not be covered by this program.

Because Costa-Hawkins entitles the landlord to a just and reasonable rate of return, a binding dispute resolution procedure must also include objective criteria for the arbitrator, panel, or board to determine the permissible rent increase (for example, the cost of any capital improvements, maintenance, or rehabilitation costs or an amortization period).

If Council is interested in including an additional review or arbitration in the mandatory mediation program, staff requests clear guidance on whether it should be binding and whether the program should be administered by a third party or City staff.

Administration of the Program

Council has briefly discussed retaining the services of a dispute resolution specialist to administer the program and serve as mediators. This approach has significantly less impact on staff resources than the creation of a panel or board to process requests and hold hearings, and would require resources to staff the panel or board. Council would appoint the members of the body serving as the final step of the dispute resolution process. In reaching out to the other cities with rent mediation programs, staff learned the majority of these programs are administered by third parties, such as Project Sentinel.

Initiation for Dispute Resolution

Direction is needed regarding the scope of the program, specifically the disputes subject to mediation. A mandatory mediation program could focus solely on disputes regarding rent increases. Council could also include other landlord-tenant matters such as disputes regarding security deposits. Voluntary mediation services are currently available for disputes between landlords. The mandatory mediation program could include all rent increases or those meeting a threshold requirement. Examples of triggers from established programs include:

- Rent increases over a specified percentage (5 percent; 10 percent) within a 12-month period.
- More than one rent increase in 12 months.

Direction is also requested for the following items:

- Should tenants and landlords be required to make a good-faith effort to resolve the dispute before initiating the mediation process? Campbell's ordinance contains such a requirement.
- Should individual rent increases be mediated or should a percentage of affected tenants be required to request mediation? For example, Los Gatos requires 25 percent of affected rental units to join in a petition requesting mediation.

Cost of Program and Registration

Landlords could be required to register to ensure participation in the program. Registration could provide a method to verify data regarding the relationship between landlords and tenants to fund a mandatory mediation program. A majority of landlords already pay a fee to the City of Mountain View to support the Multi-Family Housing 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. Cost-recovery fees for mediation or other rental programs are discussed in further detail later in the report.

Compliance

In an effort to ensure compliance with the obligations, ordinance language can be drafted in a variety of ways. Most mediation ordinances include language providing an affirmative defense to tenants in an unlawful detainer action if landlords do not comply with the requirements of the program. Additionally, the ordinance could delay implementation of the rent increase during all or a portion of the dispute resolution process. This requirement exerts pressure on the dispute resolution program to be expeditious. Depending on the direction obtained from Council, a tenant could be required to pay a portion of the increase while going through the process.

A survey of the existing programs revealed the majority of the cities expressly state a violation of the ordinance does not constitute a crime and these programs rely on the affirmative defenses afforded to the tenants in an unlawful detainer action when the landlord fails to comply. However, Council could provide direction whether failure to comply with the requirements of the ordinance should be an infraction or misdemeanor.

Other Provisions

A mandatory mediation ordinance would include a requirement the landlord provide written notice of the program to tenants and a provision expressly stating it is unlawful for the landlord to retaliate against any tenant who utilizes the mediation program.

Mandatory Mediation Programs in Other Cities

Conciliation and Mediation

The mandatory mediation programs for Santa Clara County cities differ in approach from those in Alameda County cities. Most Santa Clara County cities focus their programs on conciliation and mediation of rent increase disputes. Even when a rent review board is part of the program, conciliation and mediation occur before cases go to the board. The City of Campbell is an example of a program including mediation and a rent review board. In Alameda County, two of the three cities' surveyed cases go directly to rent review boards without conciliation or mediation beforehand. Alameda is currently considering changes to their program, including adding a mediation component. The benefit of a conciliation and mediation component is the educational benefit for landlords and tenants before being in the more formal situation of testifying before a board. This can lead to agreements in the early stages of a dispute, which is easier for everyone.

Appeals of Rent Board Recommendations

One of the unique components of the Alameda and San Leandro programs is the rent board recommendations, which are nonbinding and can be appealed to the City Council by either the tenant or landlord. The Council reviews the recommendation and issues a letter to both parties encouraging them to agree to the recommendations of the committee. In Alameda, only two rent review board or advisory committee recommendations were appealed to Council in the last four years. San Leandro had seven cases appealed to Council since 2001, but all of those cases were resolved before the Council hearing.

Binding Decisions

Some of the programs specify that if the parties reach a written agreement, the written agreement will be binding. However, Los Gatos is the only city that has a binding arbitration component. The ruling is binding on both parties whether

they reach agreement or not. Los Gatos' program has been called "soft rent control." Instead of a large regulatory system, the Los Gatos program operates on the complaint basis and complaints are accepted for review when rent increases exceed a certain percentage. Los Gatos handled 23 rent increase cases in Fiscal Year 2014-15 and that represents less than 1 percent of the rental units in the town. Most of the rent disputes are resolved without arbitration. On average, one case is arbitrated each year and in Fiscal Year 2014-15, 22 percent of the total cases reached a voluntary agreement prior to arbitration. The program does not require large databases or extensive enforcement procedures. Los Gatos has about one-fourth the rental units as Mountain View.

Administration

Outside agencies do most of the work for cities with mandatory mediation programs. This is not the case when cities have rent review boards. The boards are appointed by the Council and administration of the board meetings is most often the responsibility of City staff rather than outside agencies. City staff time is used to facilitate the appointment of Board members, schedule hearings, and generate landlord/tenants correspondence, minutes, and reports. Campbell staff estimates it spends about nine workweeks annually supporting the rent review board in addition to other administrative tasks to manage the mandatory mediation program. Mountain View has about twice the number of apartments as Campbell. A mandatory mediation program with a rent review board in Mountain View is likely to require a half-time new staff person to manage the program.

Effectiveness

The purpose of mandatory mediation programs is to create a process that allows for a fair resolution of rent disputes between tenants and landlords. Many tenants hesitate to use mandatory mediation programs due to language barriers or fear of retaliation. Of those tenants who did use the programs in Fiscal Year 2014-15, the City of Campbell had the highest number of rent increase cases (124), followed by San Leandro (95) and Alameda (64), as shown in Table 2 below. One indicator of the effectiveness of a program can be measured by the number and percentage of rent increase agreements reached by the parties compared to the total number of rent increase cases. Based on that measure, Palo Alto (43 percent), San Leandro (56 percent), and Alameda (77 percent) experienced the highest success rates.

Table 2. Rent Increase Cases and Percentage of Agreements Reached

	Palo Alto	Los Gatos	Campbell	Fremont	San Leandro	Alameda
No. of FY 2014-15 Rent Increase Cases	14	23	124	40	95	64
No. of FY 2014-15 Mediated or Voluntary Agreements	6	6	10	12	53	49
Percentage of Agreements/Total Rent Cases	43%	26%	8%	30%	56%	77%

Note: Los Gatos agreements include one arbitrated agreement.

As noted earlier, the number of rent increase cases and dispute agreements can vary substantially from year to year. For example, the Palo Alto program had 43 percent of the total rent increase cases resulting in agreements in Fiscal Year 2014-15, but in Fiscal Year 2013-14, only 11 percent of their nine rent increase cases resulted in agreements. It is difficult to conclude from this one-year sample which programs have the highest rate of success.

4. Rent Data and Fees

At the October Study Session, the Council indicated they were interested in more data on the rent increases and evictions in Mountain View and wished to consider possible cost-recovery fees to support new rent relief programs. Due to the late hour, there was not time to define the type of data requested and what it would be used for, so staff seeks clarification from the Council regarding the collection of data. Potential new fees will depend on the type and cost of the Council decisions on a mandatory mediation program and new rent data collection. As a result, fees are not discussed in this report and will be brought back to Council at a future meeting.

Existing Rent Data

The City subscribes to RealFacts that provides a wide range of rent data. RealFacts surveys 59 apartment complexes in Mountain View with a total of 8,391 units. Most are large apartments with over 100 units. RealFacts has done studies in San Francisco that show that this sample of large apartments is also representative of smaller apartment complexes. RealFacts data provides a strong indication of rent trends in Mountain View (see Attachment 3).

As shown in Attachment 4, RealFacts has Citywide data on the average asking rents based on unit size and data for individual apartment complexes that shows increases and decreases in rents for that complex. Data on individual apartment complexes can be used to identify apartments where rents increases are excessive. For example, of the 59 apartment complexes surveyed by RealFacts, 47 percent had rent increases greater than 20 percent over the past two years, with the highest increase being 59 percent in two years. Eleven (11) complexes (19 percent of total) had rent increases of less than 10 percent over the last 24 months.

RealFacts collects data on asking rents, which is different from the average rents in an apartment complex. The asking rents are the rents for new tenants moving into vacated apartments. At the October Study Session, Tri-County Apartment Association presented different rent data that was based on average rents, which are the averages of all rents in an apartment complex based on unit size and including occupied units. Generally, the average rents will be lower than asking rents, because the asking rent reflects the highest rents being charged in an apartment complex. Many landlords also limit the rent increases for existing tenants to keep long-term tenants. Even with a difference in asking rents and average rents, the RealFacts data is likely to be a strong indicator of rent trends in Mountain View. Depending on the purpose of the data collection, the RealFacts data may be adequate to track Citywide rent trends and large apartments with significant rent increases.

Additional Rent Data

If the Council is interested in additional rent data not provided by RealFacts, the December 1 meeting is an opportunity to define those data needs. There are several options the Council could consider. A rent study prepared by consultants is one option. The City of Alameda is considering new rent relief measures and hired consultants to prepare a rent study. This study contained data that provided an overview of tenant incomes, rents, housing needs, policy options, and similar information (Attachment 4). The Alameda study cost about \$35,000. A similar study could be done for Mountain View, but with more detailed data about average rent increases, comparison of average versus asking rents, effects of changes in apartment ownership, and similar information. Data collection for the study may require the cooperation of the Tri-County Apartment Association to share information they have on average rents. The study would be a one-time snapshot of the rental environment. The study would probably take at least a few months and could be completed before the Council takes final action on a mandatory mediation program, if the Council wants to proceed that way.

A Mountain View study would probably cost \$45,000 to \$50,000 due to additional detailed data analysis relevant to Mountain View's rental issues. Affordable housing funds could only be used to cover the portion of the study costs that is equal to the percentage of low- and moderate-income renters in Mountain View, which is 46 percent. General Fund support would be needed to cover the remaining cost since the report would cover all rentals in Mountain View for all income levels. If the Council decides to adopt a fee to cover the cost of rent relief programs, it may be possible to use future fees to reimburse the General Fund for the cost of this study.

If the Council wants ongoing data on all rent increases in Mountain View, landlords could be required to provide rent increase information and eviction notifications from landlords as part of a mandatory mediation ordinance where apartments are registered. This would be a much more challenging option to implement. The City has almost 17,000 apartments and collecting data and analyzing rent increases for each of these apartments would be a major task requiring consultants or an outside agency. In addition, enforcement of that requirement would be difficult for both the City and owners of small apartments who may lack the resources for this type of reporting. There also could be resistance to reporting large rent increases and it would be difficult to verify the numbers provided by landlords. In order to design this type of data collection program, it is important the Council have clarity on what the purpose of the data collection is and how it would be used.

If Council is interested in this level of ongoing data collection, staff will investigate whether outside agencies are available to manage the data collection and the cost of their services. The cost of ongoing data collection could be covered by imposing a fee on apartment owners to cover the cost of a rent relief program, but to initiate data collection may require General Fund money along with a portion that could be covered by affordable housing funds.

5. **Safe Parking Programs**

At the November 10, 2015 Council meeting, the Council directed staff to return with an agenda item providing a brief description of safe parking programs in response to an increasing number of vehicles parking on City streets and used for dwelling purposes.

The City does not have specific data regarding sleeping in vehicles. In late October, Police Officers conducted patrol checks on both Latham Street and Crisanto Avenue, which have been areas RVs have congregated lately. In the early

morning hours of October 27, a total of 21 vehicles were parked on Crisanto Avenue, 14 of which were RVs or campers and 7 vans/cars that appeared to be lived in. On Latham Street, there were 14 RVs and 4 cars that were being lived in.

So far this year, officers have issued approximately 47 citations to vehicles classified as a RV or motorhome, with the most citations on Crisanto Avenue and Space Park Way.

Some cities in California have established programs to allow homeless individuals and families to sleep in their vehicles overnight in public and private parking lots. The goal of most of these programs is to provide safe parking to sleep for a temporary period and provide the homeless individuals with other social services with the ultimate goal of helping these persons to find permanent housing options.

The City of Santa Barbara has such a program that is operated by a nonprofit. The nonprofit also provides supportive services for those persons participating in the program. In 2005, New Beginnings Counseling Center (NBCC), a nonprofit organization, began operating its RV Safe Parking Program in a public commuter lot. In 2007, the program expanded to provide additional overnight parking in two additional locations. Currently, overnight parking permits for RV can be issued for churches, nonprofit organizations, and City parking lots. NBCC provides participant screening and selection, vehicle inspection, issuance and review of permits, daily RV check-in and check-out, case management for the participants, monitoring the RV parking areas, and liaison with City staff on a regular basis. NBCC receives funding from the cities of Santa Barbara and Goleta and the County of Santa Barbara for its Safe Parking Program. The parking lots are open seven days a week from approximately 9:00 p.m. to 6:00 a.m.

Other similar programs have been established in the counties of Sonoma and San Diego and cities of Monterey and San Luis Obispo. Some of the safe parking programs utilize existing parking lots at places of worship, nonprofits, businesses, and public lots associated with transit or carpooling programs or other public facilities.

The City of Monterey adopted an ordinance in September 2015 authorizing an 18-month pilot program for a safe parking program. The program serves homeless individuals and families and will be managed by a social services provider with demonstrated experience with the homeless population to assist the program participants with a comprehensive array of services. Temporary parking is allowed from 7:00 p.m. to 7:30 a.m. and requires a social service provider to monitor the site and conduct criminal background checks as part of the screening

process for qualified participants. The parking site is required to include trash, recycling, water, and restroom facilities.

The Santa Clara County Housing Task Force recommended piloting safe parking programs at two sites in Central County and one each in North County and South County. However, the County Board of Supervisors ultimately approved piloting programs only in San Jose. The County would provide San Jose with a grant of \$50,000 to help offset the costs of establishing one or two sites in San Jose. San Jose issued an RFP on November 24 for both a Safe Parking Program and a Mobile Hygiene vehicle. They added a Regional Interest Survey section to see if proposers would bring the same services to other areas, specifically mentioning Mountain View, so it is possible the City could piggyback on their RFP. Staff believes San Jose's Safe Parking program will be operational around February 2016.

If the City of Mountain View is interested in a Safe Parking program (for RVs or other vehicles), County staff has indicated an interest in partnering with the City.

A successful safe parking program would require establishing rules for eligibility, individual behavior, hours during which "parking to sleep" is permitted, proof of vehicle registration and insurance, and case management services. The existing programs also have rules in place to regulate distances between vehicles and from neighboring residential properties. Access to restroom facilities is also necessary at any site.

Council should discuss if it is interested in pursuing such a program, and if so, on a short-term or long-term basis. Standing up a permanent program, particularly if it is to involve one or more nonprofits and/or the faith community, would take some time and coordination. A possible short-term solution would be to make a City parking lot available for the winter. Depending on the location selected, this could have implications for neighbors, available parking, and potentially the environment. A Safe Parking program might trigger CEQA requirements.

Public Outreach

On November 17, City staff met with representatives of the Tri-County Apartment Association and the Silicon Valley Association of Realtors. The representatives indicated:

- Lease rental rates are lower than month-to-month tenancies and more stable for landlords and this dynamic is unlikely to change;

- Reapplication process occurs for existing tenancies only when a new roommate is added to the tenancy;
- Application and execution of leases are often done online so notice of right to lease should be able to be provided online as well as in writing;
- Recommended a 10 percent rent increase trigger for mediation; and
- Recommended at least 90 days from the effective date of the ordinance to implement the lease and notice requirements.

On November 19, City staff met with affordable housing and rent relief advocates. The group expressed interest in having the following components included in a rent relief program:

- A strong outreach program;
- Spanish translation and interpretation services;
- Rental registration along with cost-recovery fees;
- Option for a one-year lease;
- A written notice attached to all rental contracts informing tenants of their right to request a one-year lease;
- Data collection from rent contracts and leases; and
- A 5 percent rent increase as a trigger for mediation.

FISCAL IMPACT

The right-to-lease ordinance would not require General Fund support. The housing stability program also would not impact the General Fund because it would be funded using Below-Market-Rate Housing funds. The recommended funding is \$150,000. The funding impact of a mandatory mediation program is not known at this time because the components of the program have not been selected. Council could increase the fees on apartments to cover some or all of the cost of this program. If the Council wants a one-time rent report, this would require about \$27,000 in General Fund money and \$23,000 in Rental Housing Impact fees. It is possible that the General Fund could be reimbursed for this study with increased fees on apartments. If the Council prefers

ongoing rent data collection, some or all of this could be covered with increased fees. The totality of fees necessary to recover costs for rental relief programs cannot be calculated at this time.

CONCLUSION

Escalating rents have become a critical issue in Mountain View and the Council has taken a number of steps to address this issue. On October 19 and 27, the Council heard from experts and the public on rent relief options and identified options for further study. On November 10, the Council discussed safe parking for RVs and directed staff to return with further information. This report analyzes the rent relief options identified by Council and provides information on safe parking programs.

Staff seeks direction from Council on the following items at the December 1 meeting:

1. Introduction of a right-to-lease ordinance.
 - a. Decide on the effective date for existing month-to-month tenants.
2. Rental assistance program.
 - a. Select one of the following:
 - i. Expanded emergency assistance program.
 - ii. Housing stabilization program.
 - iii. Rent increase gap funding program.
 - b. Appropriate \$150,000 funding for program.
3. Mandatory mediation program.
 - a. Whether to direct staff to return with an ordinance.
 - b. If so, identify key components:
 - Conciliation, mediation, a third dispute resolution alternative (voluntary, mandatory, binding).
 - c. Disputes subject to mandatory mediation.

- d. Compliance mechanism.
 - e. Administration of program.
4. Define data collection program and decide whether to:
 - Request and define data summaries from RealFacts information; or
 - Appropriate funding for a one-time rent study of Mountain View; or
 - Request and define ongoing data collection from landlords.
 5. Preparation of a safe parking program for vehicles.

ALTERNATIVES

1. Direct staff to schedule a future Council meeting on rent relief options requiring more discussion.
2. Make modification to the right-to-lease ordinance.
3. Decide not to adopt a mandatory mediation program.
4. Decide not to appropriate funds for a rent relief program or appropriate more funding to the program.
5. Decide not to appropriate funding for a rent study.
6. Decide not to consider a safe parking program.
7. Direct staff to implement any of the other items raised in the October 19 Study Session Memo.
8. 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, and other interested parties.

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- Attachments:
1. Ordinance
 2. [October 19, 2015 Study Session](#)
 3. RealFacts Data for Mountain View
 4. [Rent Study](#)