

Rent Stabilization in Mountain View

Community Stabilization and Fair Rent Act
(CSFRA)
“Measure V”



What is Rent Stabilization?

A **local program** designed to limit the amount of rent increases a landlord may require above a base rent

- **Can limit**
 - Which fees and charges are “rent”
 - Amount of increases
 - Frequency of increases
- **Cannot Limit**
 - Base rent for new tenancies (vacancy decontrol)



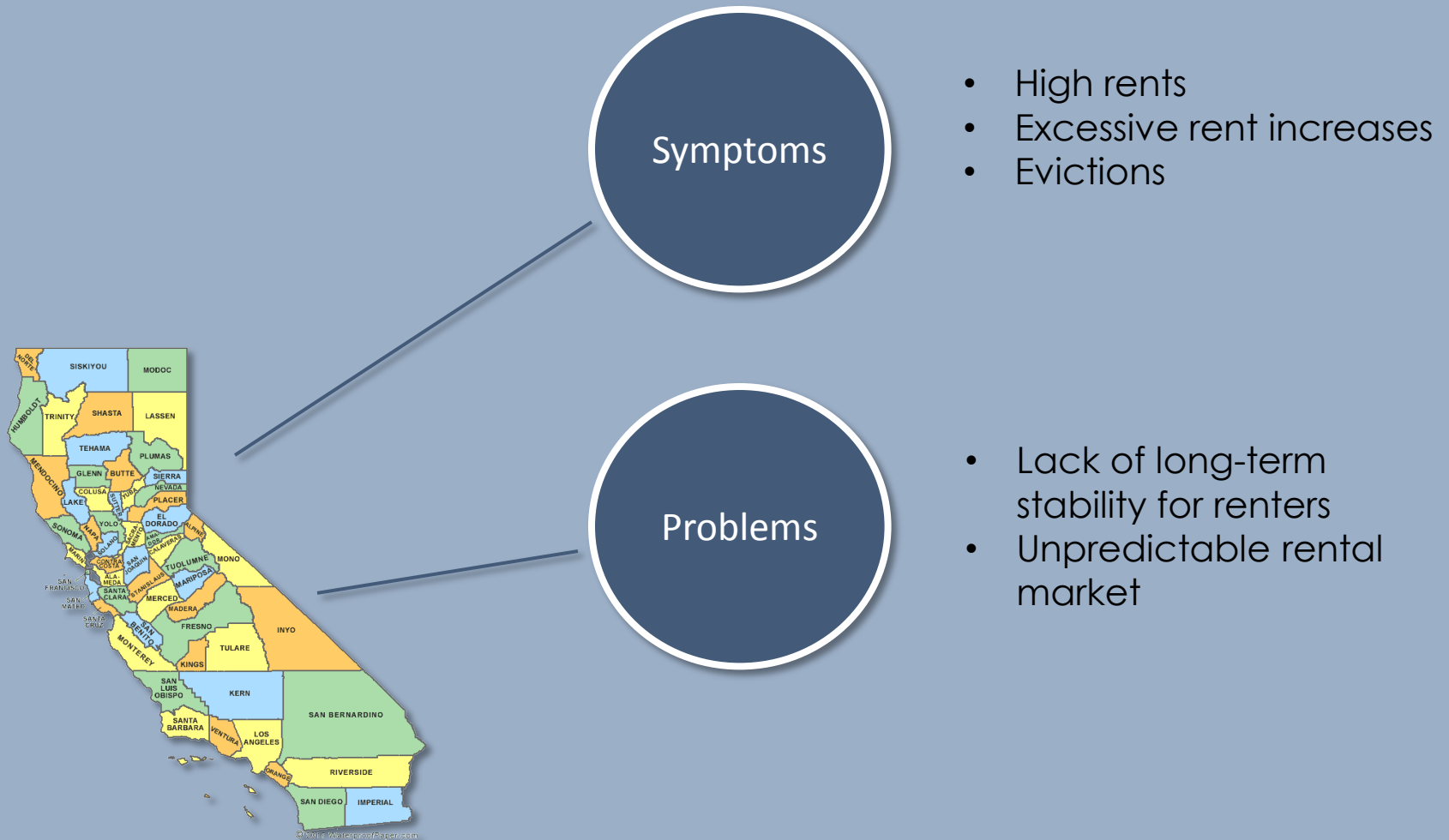
Legal Framework:

Limitations on Rent Stabilization

California State Law

- **Costa-Hawkins Act**
 - Vacancy decontrol
 - Exempts single-family homes and condos
 - Exempts rental units built after 1995
(or earlier in some jurisdictions)
- **Ellis Act**
 - Owners have power to withdraw from the rental market (but have to offer right of first return)

California Experience: Rent Stabilization Policies



California Experience: Rent Stabilization Policies

Responses

- Regulate evictions and rent increases
- Create options for enforcement
- Gather data

Outcomes

- Provide stability
- Increase rental market predictability



California Experience: Rent Stabilization Policies

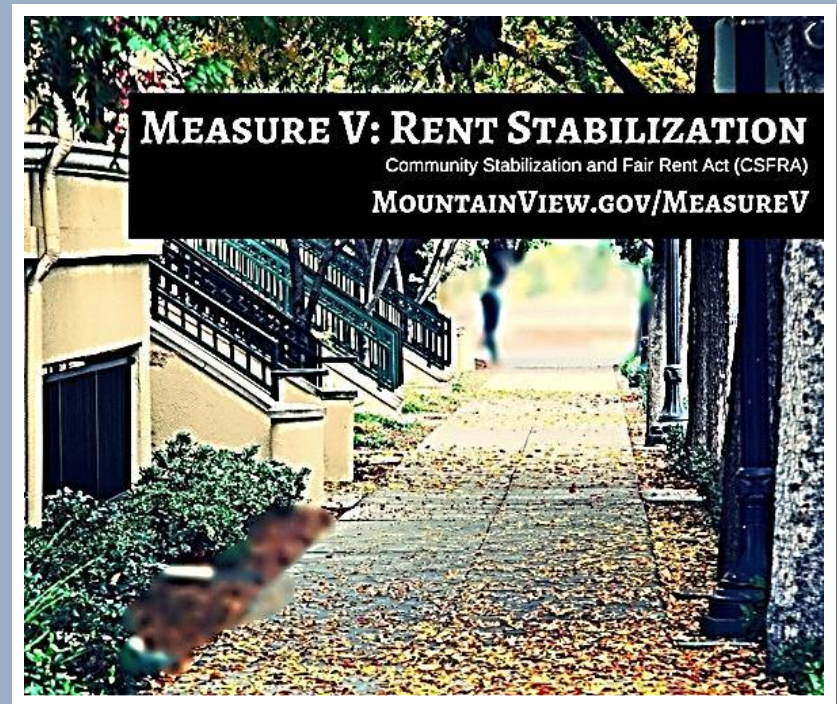
29 Different Cities...**29** Different Policies



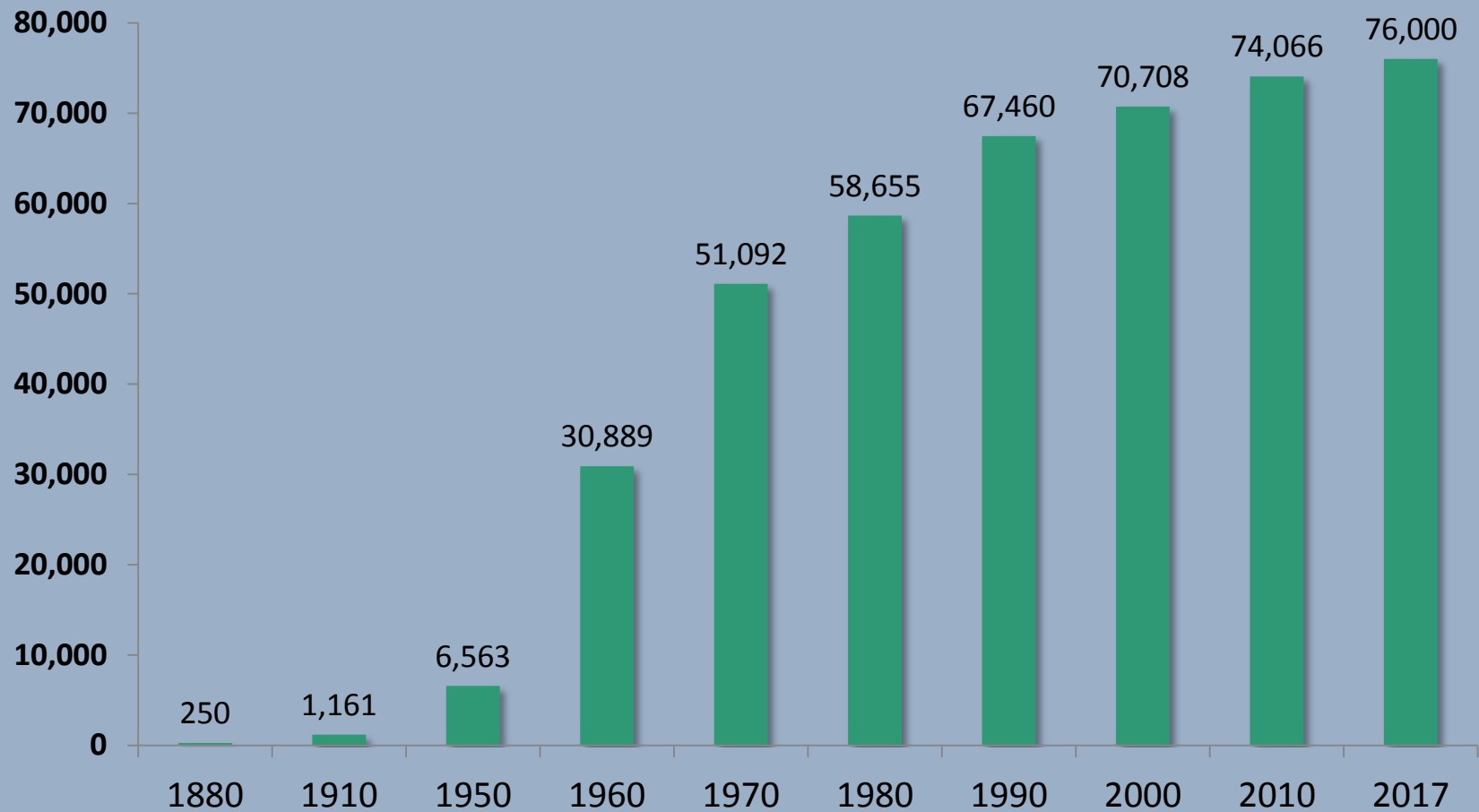
Rent Stabilization in Mountain View

Community Stabilization and Fair Rent Act (CSFRA)

- Enacted by City voters
- Purpose
 - Stabilize rents
 - Provide just cause eviction protections
 - Provide fair return for Landlords

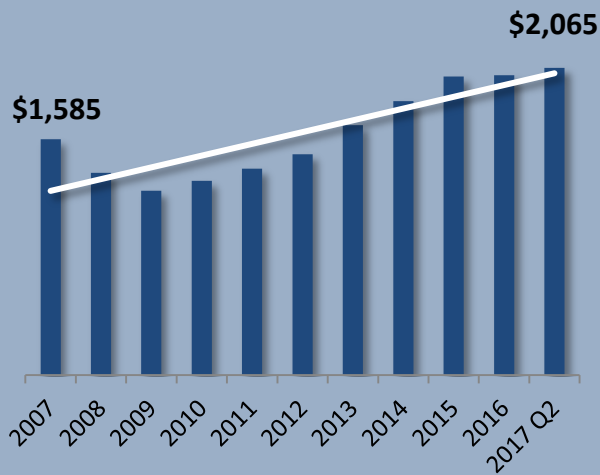


Mountain View : Population



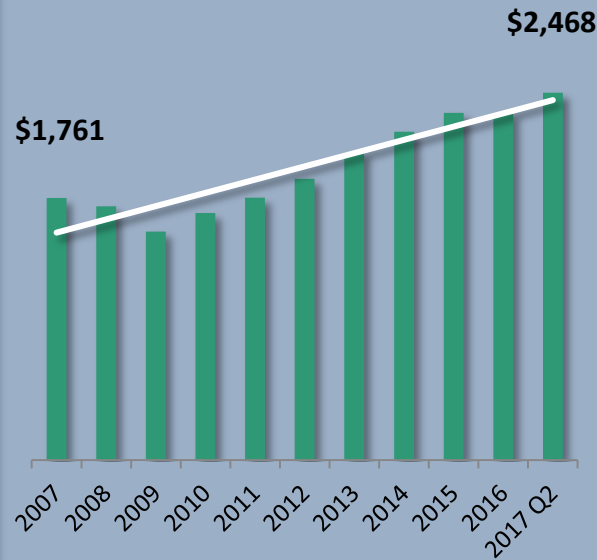
Mountain View: Historic Rent Data

Studio



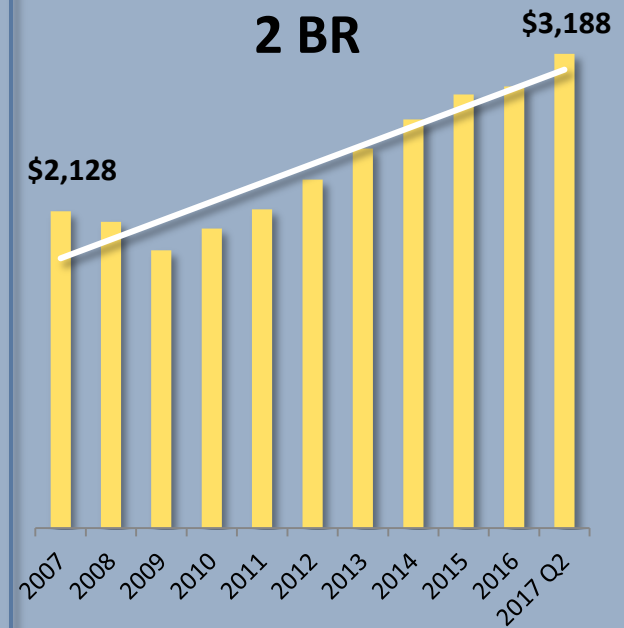
30% increase

1 BR



40% increase

2 BR



50% increase

Background

February, 2010

- Tenant Relocation Assistance Ordinance

January 7, 2016

- Right to Lease Ordinance (RTL)

May 26, 2016

- Rental Housing Dispute Resolution Program (RHDRP)

June, 2016

- Signatures submitted to put Measure V on ballot

November 8, 2016

- Election day: Measure V received majority votes

November 15, 2016

- Just Cause Urgency Ordinance effective

December 23, 2016

- CSFRA effective, but Temporary Restraining Order

April 5, 2017

- Preliminary Injunction Denied: CSFRA Implemented

April 18, 2017

- Rental Housing Committee appointed

June 6, 2017

- RTL and RHDRP repealed

CSFRA Overview

1

- Establishes a Rental Housing Committee

2

- Sets Base Rent

3

- Determines Allowable Rent Increases

4

- Creates a Petition Process for individual rent adjustments

5

- Provides Just Cause tenant eviction protections

6

- Provides Relocation Assistance for certain displaced Tenants

CSFRA Covered Rental Units

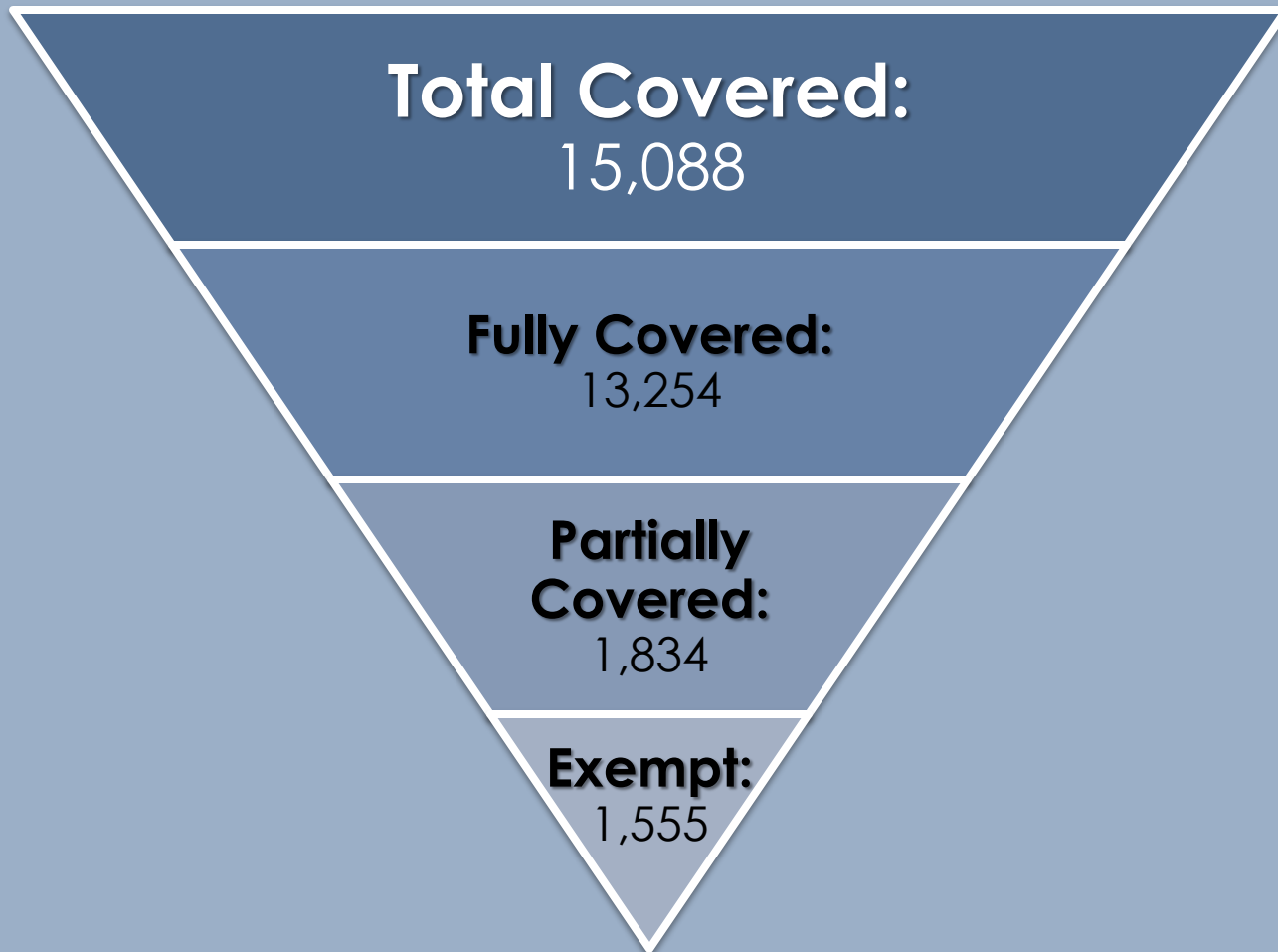
Multi-Family Units

First Certificate of Occupancy	Rent Increases	Just Cause	Rent Roll Back
Before February 1, 1995	✓	✓	✓
Between February 1, 1995 and CSFRA effective date	X	✓	X
After CSFRA effective date	X	X	X

Fully Exempt Units

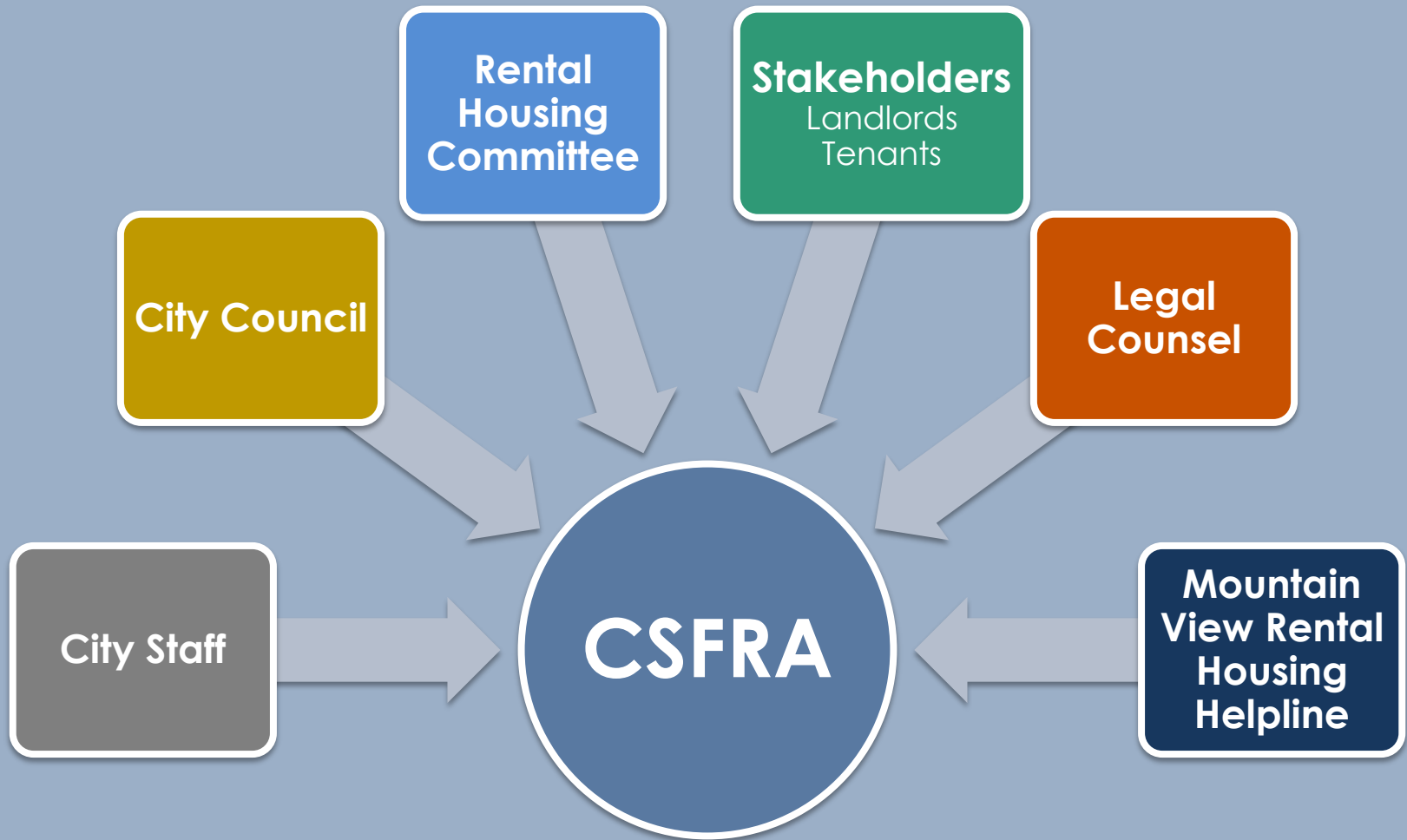
- X Single Family Homes
- X Condominiums
- X Companion Units
- X Duplexes
- X Units in hotels, motels, etc. rented out for less than 30 days
- X Units in hospitals, medical care facilities, dormitories, etc.
- X Government or subsidized rental units

CSFRA Covered Rental Units



CSFRA Overview

The Players



CSFRA Overview

1. Establishes a Rental Housing Committee



Rental Housing Committee

Program Implementation Approach

1.
 - Perform community outreach and education
2.
 - Establish Annual General Adjustment of Rent for 2017
3.
 - Adopt Rules and Regulations
4.
 - Develop an IT systems plan
5.
 - Determine a staffing plan
6.
 - Set budget and fees
7.
 - Implement process for annual fee billing
8.
 - Consider further Regulations

CSFRA Overview

2. Sets Base Rent

Tenancy started **on**
or before
Oct. 19, 2015



Base Rent =
Rent in effect on
Oct. 19, 2015

-OR-

Tenancy started
after
Oct. 19, 2015



Base Rent =
Initial Rent at start of
tenancy

From the Effective Date onwards **only** Base Rent can be charged.

CSFRA Overview

3. Determines Allowable Rent Increases

Annual General Adjustment (AGA): Amount by which Rent for CSFRA Covered Rental Units may be increased each year

- Based on inflation → Consumer Price Index
 - Minimum 2% increase allowed per year
 - Maximum 5% increase allowed per year
- Effective from September 1 onwards each year
- A Landlord can
 - Increase rent with AGA
 - Save up rent increases (banking)

On May 22,
2017 the RHC
adopted an
AGA of 3.4%
for 2017

CSFRA Overview

4. Purpose of Petition Process for Rent Adjustments

1

Initiate a request
for an individual
adjustment of
rent

2

Explain and
document the
bases for a rent
adjustment

3

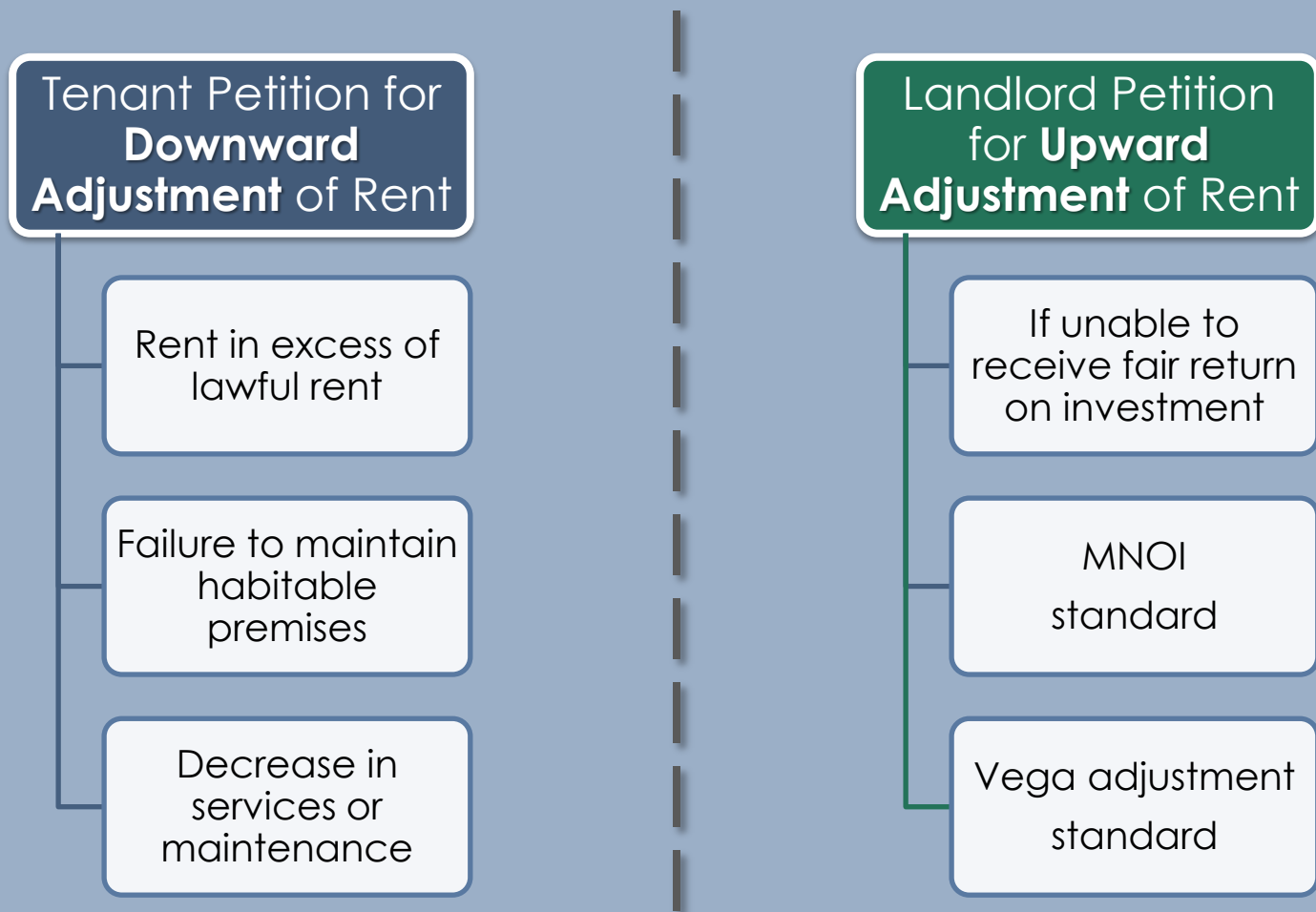
Establish fair and
transparent
procedures

4

Notify all parties
of a pending
petition and
allow all parties
to participate
in the process

CSFRA Overview

4. Petition Process for Individual Rent Adjustments



CSFRA Overview

4. Petition Process for Individual Rent Adjustments

Regulations Chapter 4: Petition Process

A.

• Purpose Petition

B.

• Authority to File Petition

C.

• Petition Forms

D.

• Requirements for All Petitions

E.

• Reductions (Habitability)

F.

• Reductions (Reduced Services)

G.

• Reductions (Unlawful Rent)

H.

• Increases

I.

• Notice of Submission

J.

• Consolidation of Petitions

K.

• Petition Response

L.

• Prerequisites to Accept Petition

M.

• When Dismissals are Prohibited

N.

• Prehearing Settlement
Conference

O.

• Summary of Petition Process

CSFRA Overview

4. Petition Process for Individual Rent Adjustments

Regulations Chapter 5: Hearing Process

A.	• Purpose of Hearing Process
B.	• Hearing Officers
C.	• Notice and Prehearing Procedures
D.	• Postponement Requests
E.	• Conduct of Hearing
F.	• Hearing Decision
G.	• Burden of Proof
H.	• Appeals to the RHC

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

CSFRA provides **1** Basis for Landlord Petitions



To ensure a fair
and reasonable
rate of return
(§ 1710(a))

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

Regulations Chapter 6: MNOI standard

- Fair Return methodology based on maintenance of net operating income (MNOI)
- Compares net operating income for **base year and petition year**
- If net income for the petition year is less than the net income for the base year, adjusted by CPI, landlord may be entitled to an individual upward adjustment of rent:

1.

Calculate NOI for Property in Base Year



2.

Adjust Base Year NOI by Percent Change in CPI – Rent of Primary Residence



3.

Compare Adjusted NOI with Petition Year NOI

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

Regulations Chapter 6: MNOI standard – Net Operating Income



Regulation 6.D

- Rents
- Ancillary Services
(laundry, vending, etc.)

Regulation 6.E

- Fees & Costs
- Property Taxes
- Repairs
- Amortized Capital Improvements

Calculations

- Annual
- Per Property

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

Regulations Chapter 6: MNOI Standard/CPI – Rent of Primary Residence

$$\text{Adjustment} = \frac{\text{Petition CPI – Rent of Primary Residence}}{\text{2015 Annual CPI – Rent of Primary Residence}} = \frac{430.929}{371.075} = 1.16$$

CPI-All Urban Consumers (Current Series)

Series Id: CUURS49BSEHA
Not Seasonally Adjusted
Series Title: Rent of primary residence in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-Hayward, CA
Item: Rent of primary residence
Base Period: 1982-84=100

Download: [xls](#) [xlsx](#)

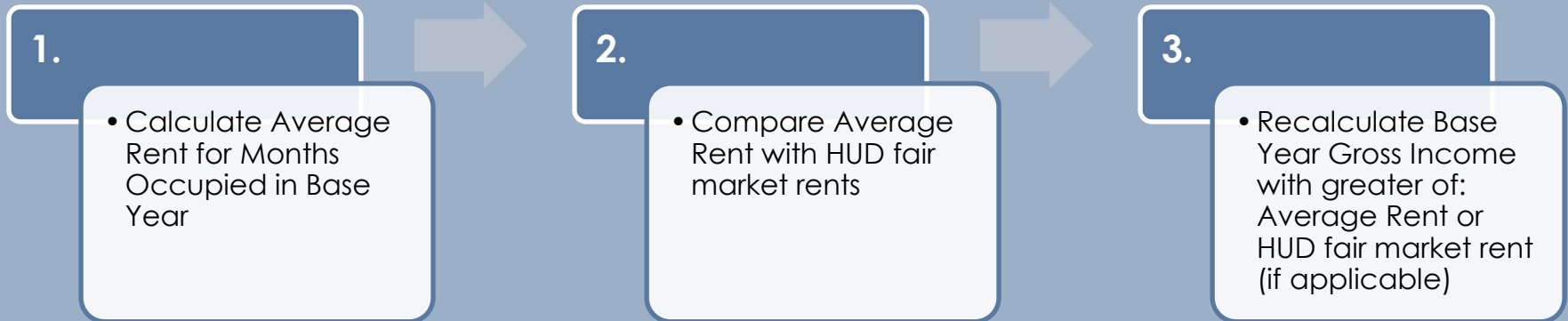
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	283.377	283.721	284.679	286.219	286.557	288.085	288.994	290.625	291.618	292.805	294.462	294.582	288.810	285.440	292.181
2009	295.639	297.160	298.017	298.319	298.256	299.657	299.643	298.789	298.779	297.928	297.764	297.902	298.154	297.841	298.468
2010	297.463	297.313	296.556	296.926	297.124	296.623	297.567	297.360	298.627	298.747	299.730	299.728	297.814	297.001	298.627
2011	300.290	300.615	300.366	301.869	302.554	304.092	304.555	305.560	307.776	308.570	309.579	310.491	304.693	301.631	307.755
2012	311.762	312.480	312.963	313.915	314.802	315.477	316.902	318.537	320.408	321.787	323.516	324.185	317.228	313.566	320.889
2013	325.377	326.574	327.945	327.665	329.032	330.173	330.550	333.215	334.024	336.392	337.608	338.890	331.454	327.794	335.113
2014	340.389	341.897	344.032	345.144	346.579	348.153	350.089	352.421	354.097	355.811	358.557	359.353	349.710	344.366	355.055
2015	360.829	362.079	363.721	365.294	367.814	369.549	371.893	372.725	375.965	378.360	381.035	383.630	371.075	364.881	377.268
2016	385.439	387.481	387.690	389.716	391.029	394.782	396.477	398.331	400.484	402.124	406.379	408.710	395.720	389.356	402.084
2017	411.357	412.606	413.119	413.736	414.974	415.888	417.307	419.229	419.055	421.940	422.470	428.426	417.509	413.613	421.405
2018	430.328	430.929													

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

Regulations Chapter 6.G.3: Vega Adjustment Standard

- Addresses unreasonably low rents in base year
- Allows landlords to substitute a **higher HUD rental formula** for the **base year**, in place of their actual rental income.



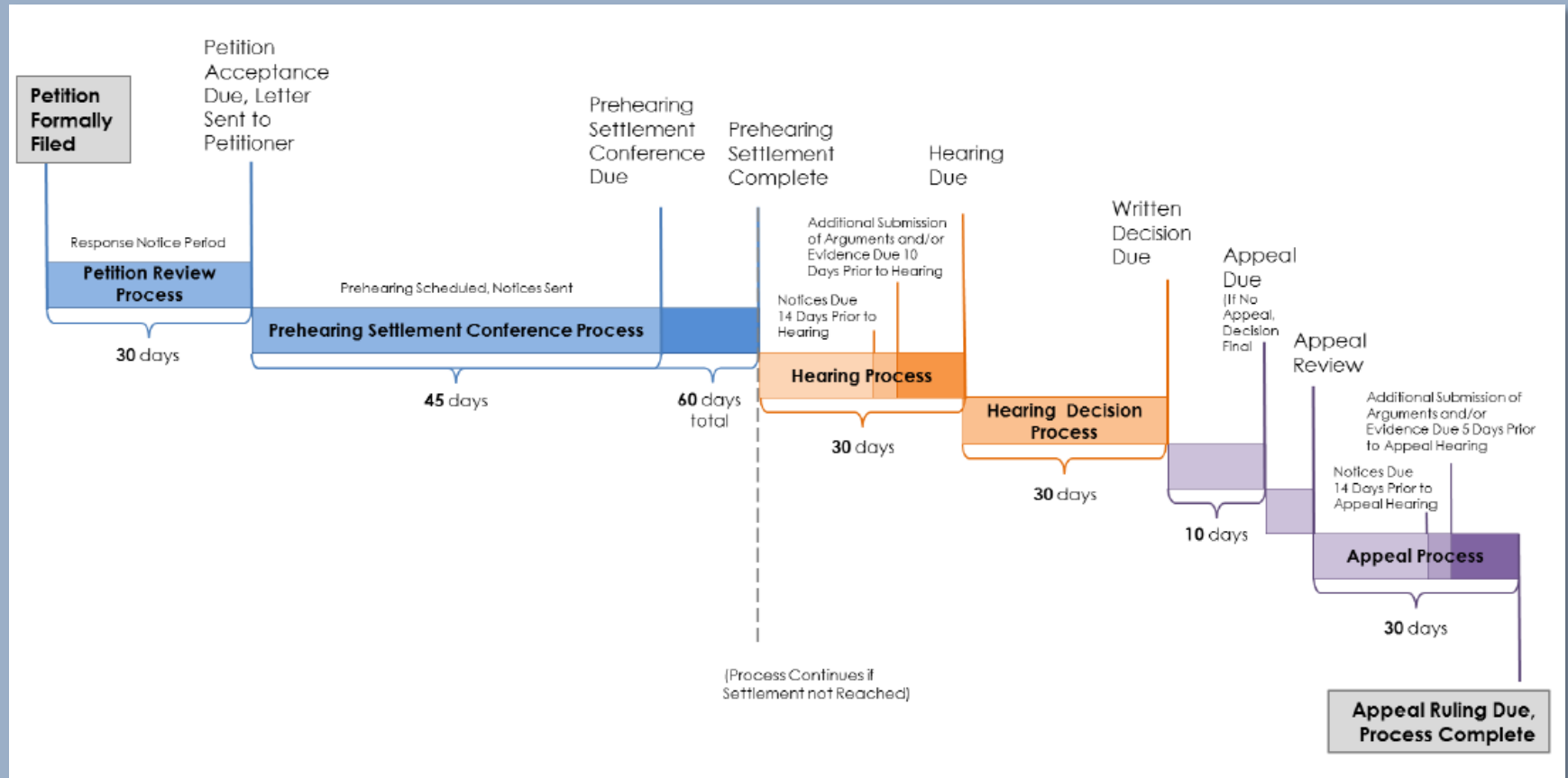
HUD Fair Market Rents

Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$1,213	\$1,419	\$1,809	\$2,551	\$2,892

CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

Landlord Petition Hearing Process Timeline

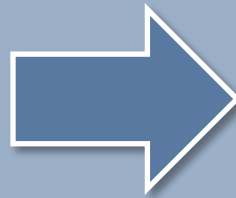


CSFRA Overview

4. Petition Process for **Upward** Rent Adjustments

11 Petitions

Received
to
Date



Current Status

- 2 – In Review
- 5 – In Hearing Process
- 1 – Settled
- 1 – Decided
- 2 – Withdrawn

CSFRA Overview

4. Petition Process for **Downward** Rent Adjustments

CSFRA provides **3** Bases for Tenant Petitions



Unlawful
collection of
rent
(§ 1710(d))



Failure to
maintain habitable
premises
(§ 1710(b))

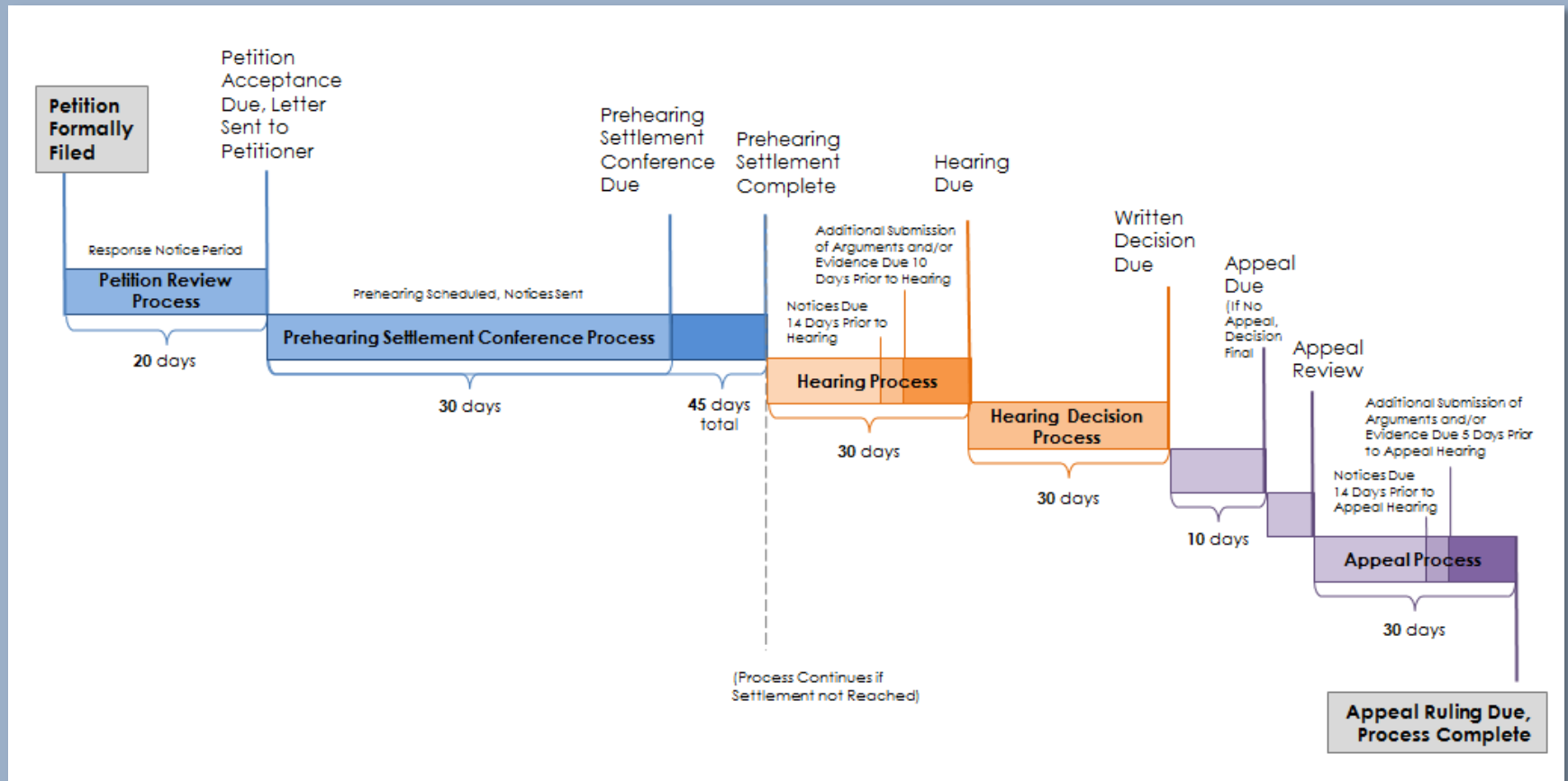


Decrease in
housing services
or maintenance
(§ 1710(c))

CSFRA Overview

4. Petition Process for **Downward** Rent Adjustments

Tenant Petition Hearing Process Timeline

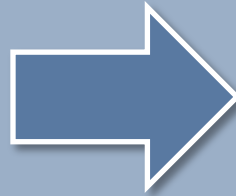


CSFRA Overview

4. Petition Process for **Downward** Rent Adjustments

4 Petitions

Received
to
Date



Current Status

3 – Settled

1 – Not Accepted

CSFRA Overview

5. Just Cause Tenant Eviction Protections

CSFRA provides 9 “causes” for evictions

Landlord Initiated

- Repairs/temporary vacancies*
- Owner move-in*
- Withdrawal from rental market*
- Demolition*

Tenant Initiated

- Failure to pay rent
- Breach of Lease
- Nuisance
- Criminal Activity
- Failure to give Access

*requires payment of relocation assistance to qualifying households and right of first return

CSFRA Overview

6. Relocation Assistance for displaced Tenants < 120% AMI

Refund security deposit



60 day subscription Relocation Agency



3 months rent for average similar sized unit



\$ 3000 for special circumstances (seniors, minors, disabled)

CSFRA Overview

Website

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RESOURCES

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Mountain View Rental Housing Helpline

(650) 282-2514
CSFRA@housing.org

Walk-in Office Hours are available at the Mountain View City Hall every Thursday from 12:00 p.m. to 2:00 p.m. in the Public Works 1st Floor Front Conference Room (habla español).

Contact the Rental Housing Helpline for any questions regarding the CSFRA

CSFRA Brochures



English



Español



普通话

CSFRA Overview

Support for both Landlords and Tenants

Walk-in Office Hours

Thursdays
12:00 p.m. to 2:00 p.m.
City Hall, Public Works 1st Floor
Front Conference Room

CSFRA Workshops

1st and 3rd Friday of Each Month
1:00 p.m. to 3:00 p.m.
City Hall
Plaza Conference Room

Mountain View Rental Housing Helpline (habla español)

Phone: (650) 282-2514

Email: csfra@housing.org

Mountainview.gov/rentstabilization



mountainview.gov/rentstabilization

Questions?

