

Project Sentinel Presents:



Hayward Ordinance Overview for Landlords

**Their
House**



**Your
Home**

Agenda:



- Allowable Increases for Covered Rental Units
- Dispute Resolution and Petitions for covered units
- Tenant Protections affecting ***All Rental Units***
 - Just Cause Eviction
 - Harassment/Retaliation
 - Income source discrimination not allowed
- Additional Notice requirements
- Contacts and Resources

Please note:



This presentation
is not legal advice.



RRSO Rent Increases

Covered Rental Units



- Most Residential Units built on or before July 1, 1979 are Covered
- Key Exceptions:
 - Single Family Home
 - Care Facilities
 - Hotels
 - Housing with other government rent restrictions
 - Lodgers
 - ADUs where owner is in main unit
- LL must notify tenants in Covered Rental Units under the RRSO within 30 days after 7/25/19.

Basic Rule for Rent Increases:



- One increase per 12-month period
- 5% Rent Increase Threshold (RIT)
- Some exceptions apply
- Rent Review

Some exceptions: Banking



- If a LL increases rent less than 5% this year, LL may be able to increase it more than 5% in a subsequent year
- If a LL uses a banked increase, the total increase cannot exceed 10% in that year
- Simple example:
 - LL increases rent 3% this year
 - Next year, LL can increase rent $5\% + 2\% = 7\%$

Banking Rules:



- Banked amounts expire after 10 years
- If LL has more than 5% in the bank, LL may only apply up to 5% in any given year
- Maximum rent increase per year is 5% RIT plus 5% banked increases
- A banked increase, must be noticed concurrent with a Rent Increase and must attach a Rent History for the unit

Some exceptions: Fair Return



- LL may petition the city to increase rent more than 5% in any given year based on a claim for fair return on investment
 - Unavoidable maintenance and
 - Operating expenses
- Requires an arbitrator's decision to support the petition
- Tenants will receive notice of LL's petition so that tenants may respond
- Debt service and capital improvement costs are not included when calculating a Fair Return.

Some exceptions: Utility increases



IF

- the lease provides that Tenant will pay utility costs separate from rent *and*
- there are no individual meters, *and*
- the new INCREASE is more than 1% of current rent amount

THEN Tenant may

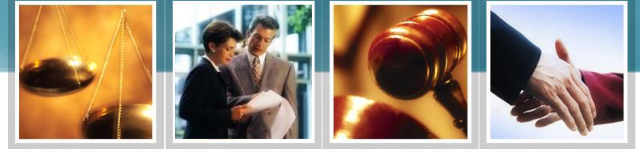
- request supporting documents (must be done within 60 days of the notice) *and*
- challenge the utility increase if the LL fails to provide the supporting documentation (petition for utility pass through review)
- Not considered a Rent increase

Some exceptions: Capital Improvements



- If LL invests money to improve the property for the benefit of all tenants, LL may petition to charge tenants a part of that cost for a limited time
- Requires Arbitrator decision supporting the petition
- Not considered a rent increase
- An approved Capital Improvement Pass Through will end at a prescribed date
- LL can request a **provisional decision** prior to start of capital improvement project. The work must be complete and paid for before the City will give a final approval.

Protections cannot be waived



For covered units, any clause in a lease which asks a tenant to waive these rights/protections is unenforceable.

Note: Urgency Ordinance



- Moratorium on rent increases above 5%
- June 25, 2019 through July 25, 2019
- Increases noticed during this period should be reviewed for compliance

RRSO Notice requirements for a rent increase:



- ✓ Amount of increase in both dollars and percent
- ✓ Amount of banked increase applied in both dollars and percent
- ✓ A statement that the LL believes that the rent increases, and banked increases are in compliance with the ordinance
- ✓ Contact information for the tenant to meet & confer with the landlord about a rent increase
- ✓ Contact information for the Hayward Rent Review Office
- ✓ A copy of a tenant petition form
- ✓ Hayward Rent Review Office will get copies of all increase notices

Notices that include other amounts due:



If a notice of increase includes a

- Utility Increase or
- Capital Improvement Pass Through,

these must be identified as separate from any rent increase.

Must include:

1. A statement that the landlord believes a capital improvement cost pass through complies with the ordinance
2. Approval from the City of Hayward must be attached to notice for Capital Improvement Pass Through

Filing Notices with the City



- Landlords must file the following notices with the City:
 - Rent Increases
 - Termination of Tenancy
- City is working on a platform so Landlords can submit notices to the City electronically

In the meantime, LL can submit required notices to the City **in person, by mail, or via e-mail** to **RentalNotifications@hayward-ca.gov**

Vacancy Decontrol



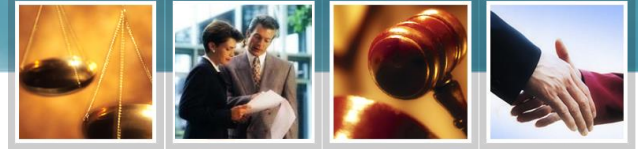
- LL can reset rent to market value whenever a tenant leaves of their own accord (voluntary vacancy) or a lawful eviction for Just Cause
 - Unless:
 - LL fails to repair habitability issues causing T to vacate the unit
 - Improper termination of previous tenant initiated by LL, including harassment
 - Note: Once rent re-sets, the Covered Rental Unit is subject to RRSO limitations on increases

Additional Provisions:



- Limits on Fees
 - Key replacement & security cards (\$10 above actual cost)
 - Late Payments (5% of rent 3 or more days late)
 - Bounced Checks (\$25 for first, \$35 after that)
 - Screening Fees (\$50.94 in 2019)

Additional Provisions: Security Deposit



Interest on Security Deposit required under the old ordinance is ***no longer*** required under the revised RRSO.

Simply follow CA rules.



Dispute Resolution Process

7 Grounds for Tenant Petitions



- Improper notice
- Request to review rent Increase greater than 5%
- Contest a banked rent increase
- Utility increase $>1\%$ of rent and/or LL refusal to provide supporting documentation for utility increase
- Capital improvement pass through challenge
- Reduction in service is a rent increase
- Uncured Health and safety violations & rent increase

Disputes: Meet & Confer Required



- ✓ Petitioner-tenant contesting a rent increase begins by direct communication with the person identified by LL in the Notice of Rent Increase
- ✓ 10 days to complete the meet & confer and withdraw the petition if the matter is resolved. If not withdrawn, the City will formally accept Tenant's petition.
- ✓ Tips for Talking

Disputes: Mediation



- ✓ Open, private, mutual and supported discussion of concerns in search of the best solution
- ✓ Scheduled on acceptance of petition in all cases
- ✓ Mandatory unless waived
- ✓ You design your agreement rather than have it handed down by an Arbitrator

Disputes: Arbitration



- ✓ Formal court-like process
- ✓ Parties provide evidence
- ✓ Parties must follow Arbitration Rules
- ✓ Arbitrator hands down a Decision which becomes binding in 30 days



Tenant Protections ALL RENTAL UNITS

Definition of “RENTAL UNIT”

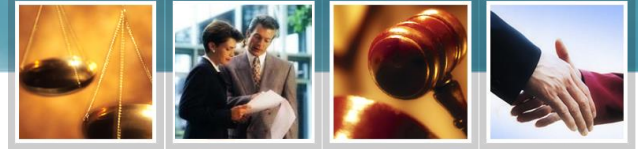


Definition of “Rental Unit” in section 4(v): “Any building, structure, or part thereof, or appurtenant thereto, or any other rental Property Rented or offered for Rent for living or dwelling purposes, including houses, apartments, rooming or boarding house units, and other real properties used for living or dwelling purposes, together with all Housing Services,...For the purposes of this ordinance a Rental Unit shall not include a mobile home or mobile home space.”

Key Exceptions for Rental Units: medical care facilities, motels, boarding houses where tenants stay less than 30 days, non-profit cooperatives, owner shares principal residence including common areas, mobile homes

A Covered Rental Unit is also a Rental Unit but is subject to rent increase limitations and may petition for rent review through a mediation/arbitration process when there is a rent dispute. Covered rental units are most units built on or before July 1, 1979 with some exceptions.

Tenant Protections – ALL RENTAL UNITS



- ✓ No Retaliation or Harassment for exercising rights under RRSO
- ✓ No discrimination based on Source of Income
- ✓ No Termination without Just Cause
- ✓ Landlords must copy Hayward Rent Review Office on all Increase and Termination notices
- ✓ LL must inform current tenants about their rights under RRSO by 8/24 (within 30 days of 7/25/19 effective date)

Just Cause Evictions



- ✓ Normal Lease Enforcements
- ✓ Additional notice requirements, including detailed written Notices to Cease
- ✓ Occupancy by LL or family member
- ✓ Remove from market
- ✓ Extensive Repairs
- ✓ Termination of Employment with LL



Consequences of failure to comply



- Notices of increases will be unenforceable, reducing the income from the unit
- Notices of termination will be unenforceable, allowing a tenant to remain in the unit
- Fines or damages may apply for certain prohibited conduct, including attorney's fees in certain cases of retaliation or harassment



In Summary

Please remember...



- ✓ General intent to limit rent increases to 5% per year without creating a hardship on the LL
- ✓ See the City's Notice of Rent Increase attachment as a guide
- ✓ More care needed with “comply or quit” notices-details
- ✓ Make sure to send all initial required notices of the RRSO to tenants (approved Summary of the RRSO is available)
- ✓ Provide a copy of notice of rent increase or termination of tenancy to the City
- ✓ RRSO broadened covered units so verify appropriate fees

If you want to read the ordinance!!



https://library.municode.com/ca/hayward/ordinances/municipal_code?nodeId=965440

Contacts and Resources



- ❑ Any questions about RRSO
 - ❑ Hayward Rent Review Office
 - ❑ 510-583-4454
 - ❑ housing@hayward-ca.gov
- ❑ *After a petition is filed with city*
 - ❑ Project Sentinel Helpline
 - ❑ 510-709-4561
 - ❑ Hayward@Housing.org