

City of Fremont

Rent Review Ordinance

Mid Year Report | January 1, 2018 - June 15, 2018



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EXECUTIVE SUMMARY

In response to the rising cost of residential rent in Fremont, the City of Fremont facilitated four workgroup sessions between tenant and landlord organizations during the latter part of 2015 to mid-2016 to gather input from stakeholders in the hopes of reaching a mutually acceptable solution. Over the course of almost two years, the City was unable to identify much common ground. The tenant group believes a much stronger and binding rent control and just cause eviction ordinance is necessary while the landlord group believes some improvements to the Residential Rental Increase Dispute Resolution Ordinance (RRIDRO) would be sufficient.

Without a unified recommendation coming from the tenant and landlord organizations, staff presented information to Council regarding several possible actions the Council could take to respond to rising residential rental prices in Fremont. Options discussed included different models of rent control as well as potential revisions to the City's existing RRIDRO. After reviewing an in-depth study on these program options, Council decided to pursue modifications to the existing RRIDRO, which was in place since 1997.

On October 3, 2017, the Fremont City Council adopted the Rent Review Ordinance (RRO) which took effect on January 1, 2018. The RRO enhances the RRIDRO in the following ways:

- Establishment of a Rent Review Board: Provides tenants the right to have matter heard by the Rent Review Board in a public meeting if the proposed rent increase exceeds 5% in any 12-month period.
- Changes Rent Increase Notice Requirements: Requires that rent increase notices exceeding 5% include a statement setting forth the reason for the rent increase. The Notice of Availability of Rent Review is provided in English, Spanish, Chinese, Dari and Punjabi on the Rent Review website.
- Changes to Retaliation Penalties from \$1,000 to \$2,000.
- Annual Report to Council: Requires staff to prepare an annual report to the City Council assessing the effectiveness of the Ordinance.

This report serves as a mid-year update on the activities that have taken place to implement and operate the RRO. These activities are organized under these broad categories:

- Program Implementation Achievements
- Marketing & Outreach
- Program Data
- Contact Us

In providing this information, staff is not seeking Council's evaluation of the effectiveness of the RRO, but rather to provide Council an update on the status of the RRO implementation and operation since its inception. The annual report will be presented to Council in late January 2019 at which time there should be sufficient program data for Council to evaluate the effectiveness of the Ordinance.

HISTORY & OVERVIEW

RENT REVIEW ORDINANCE OVERVIEW

1. EFFECTIVE JANUARY 1, 2018

Applies to most residential rental units, including single family homes & condominiums



2. 3-STEP PROCESS

Consultation, Mediation, Rent Review Board Hearing*
*if over 5%



3. RENT INCREASE NOTICE

New rent increase notice requirements



4. GOOD FAITH & ANTI-RETIALIATORY

Both parties must participate in good faith, and retaliation is strictly prohibited



5. EXEMPTIONS

Hotels, Board & Care; Boarding House; Dormitory; Transient Housing; Subsidized Housing; mobile homes



A BRIEF HISTORY OF THE RENT REVIEW ORDINANCE

- * **SEPTEMBER 27, 2016** - Fremont City staff presented to the City Council several possible actions they could take to respond to the rising rental prices in Fremont. Options included different models of rent control and revisions to the City's existing Residential Rent Increase Dispute Resolution Ordinance.
- * **JULY 11, 2017** - City Council received a presentation from Management Partners on "Rent Control and Just Cause Eviction: Review of Programs." City Council asked staff to return with revisions to RRIDRO.
- * **SEPTEMBER 19, 2017** - City staff developed a revised ordinance for City Council consideration.
- * **OCTOBER 3, 2017** - City Council adopted the Rent Review Ordinance.
- * **JANUARY 1, 2018** - Rent Review Ordinance went into effect.
- * **JANUARY 16, 2018** - Rent Review Program Manager recruited.
- * **FEBRUARY 20, 2018** - City Council appointed the Rent Review Board.
- * **APRIL 10, 2018** - City Council approved the annual per unit fee for landlords of \$24.
- * **MAY 8, 2018** - Rent Review invoices mailed.

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PROGRAM IMPLEMENTATION ACHIEVEMENTS

Program Materials
& Website

Program Staff
Training

Rent Review Board

Landlord Database

Annual Per Unit
Fee

Program Materials & Website

Below is a list of program materials that have been developed for the Rent Review Ordinance. All materials are available on the Rent Review website, and at the City of Fremont Human Services administration office located at 3300 Capitol Ave. Building B, Fremont.

- * Rent Review Flyer - *English, Chinese, Dari, Punjabi, & Spanish*
- * Notice of Availability of Rent Review - *English, Chinese, Dari, Punjabi, & Spanish*
- * Request for Rent Review
- * Response to Rent Review
- * Responsible Party Declaration
- * Terms and Conditions of Rent Increase Settlement
- * www.Fremont.gov/RentReview

Program Staff Training

- * 40 Hour Conflict Resolution & Mediation Certification
- * Rent Review Program Procedures Manual

Rent Review Board

The Rent Review Board is a public, **impartial** body of Fremont residents that evaluate the reasonableness of proposed rent increases at the request of either the tenant or landlord, and can make **non-binding** recommendations. The current Rent Review Board was appointed on **February 20, 2018** by the City Council. They meet regularly on the **2nd Wednesdays** of the month at **6:30 p.m.** Board meetings open to the **public** and are noticed per California Brown Act regulations. The Rent Review Board consists of 2 landlord representatives, 2 tenant representatives, 1 neutral representative, 1 neutral alternate. The Rent Review Board has had three training meetings on the CA Brown Act, board policies, facilitation and mediation techniques, and a role play exercise regarding a sample rent review case.



Left to Right - Vikram Malani, Wilson Hu, Purvi Shah, Gehad Massoud, Christopher Saiz *not pictured - Carl Fox

Landlord Database

A collaboration between the City of Fremont Human Services, Information Technology Services, and Finance departments.



In order to have a better understanding of the rental make-up of Fremont, staff from Human Services, Information Technology Services, and Finance worked collaboratively to create a landlord database. Staff used public record data from the Alameda County Assessor’s office, as well as existing information with the City’s GIS database to come up with a list of potential landlords.

The City began with approximately 9,600 potential landlords who collectively owned about 26,000 units in Fremont. Staff then sent out letters to potential landlords and requested that property owners with units that are not subject to the Rent Review Ordinance claim an exemption with the City. The City created an online [Property Owner Self-Reporting form](#) that would allow property owners to verify their information and inform the City of any exemptions.

As of June 14, 2018 there are approximately 6,000 landlords and approximately 18,000 rental units in Fremont. This estimate is based on the number of landlords who have submitted a property owner self-reporting form. City staff anticipates that these numbers will change, as there are still landlords who have not yet submitted a self-reporting form to the City.

Annual Per Unit Landlord Fee

On [December 5, 2017](#) the Fremont City Council approved an annual program fee to implement and administer the Rent Review Ordinance, with a budget of [\\$503,000](#) for Fiscal Year 2017/2018. On [April 10, 2018](#) the City Council then approved a per unit fee of [\\$24](#) for Fiscal Year 2017/2018 based on the approximate number of residential rental units. Fees will be recalculated annually to reflect each year’s budgeted program expenditures, the rental unit inventory, and the estimated collection rate.

On [May 8, 2018](#) the City mailed approximately [7,500](#) invoices for about [24,000](#) rental units. Included with the invoice was another opportunity for property owners that were not able to respond to the City’s initial mailing to report to the City that their unit is exempt from the Rent Review Ordinance.

PROPOSED BUDGET FOR RENT REVIEW PROGRAM

FY 2017/18 6-Month Implementation Budget

SOURCES:	
Landlord Fees:	\$ 503,127.00
Total Sources:	\$ 503,127.00

USES:		FY 17/18
<i>Salary and Benefits</i>		\$ 189,245.00
<i>Operating Expenditures</i> (Marketing, translation, database, billing, etc.)		\$ 219,432.00
<i>Capital Expenditures</i>		\$ -
<i>Indirect Expense Allocation</i>		\$ 94,450.00
		\$ 503,127.00

MARKETING & OUTREACH

City staff have been conducting outreach to both tenant and landlord groups on the Rent Review Ordinance, and how to initiate the process. Below is a list of the different types of outreach that have been done since January 1, 2018. City staff will continue with additional outreach efforts on an ongoing basis.

Individuals who would like to stay informed of the Rent Review Ordinance may sign up to be included on the program's list serve on www.Fremont.gov/RentReview.

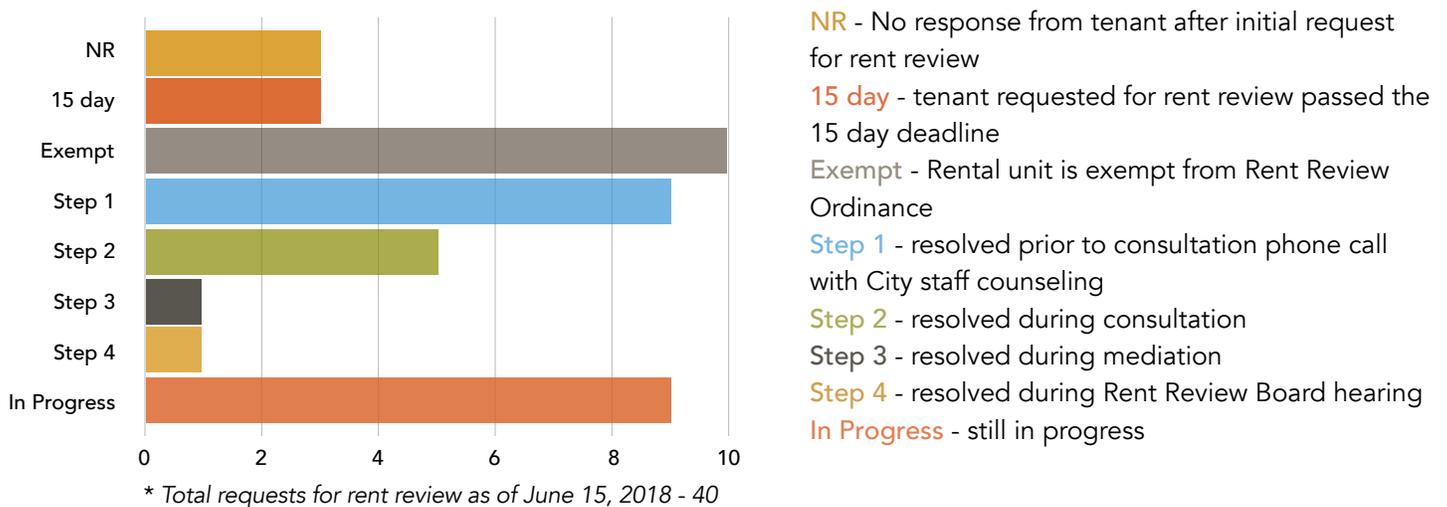
- Rent Review Ordinance Flyer - created and distributed at:
 - Fremont Main Library
 - Fremont Family Resource Center
 - Fremont Fair Housing
 - Fremont Development Center
 - Fremont Senior Center
 - mailing to potential landlords
- Rental Housing Association of Southern Alameda County - meeting
- RISE Coalition - meeting
- Assembly member Kansen Chu - meeting
- Housing Authority of Alameda County - meeting
- BACS Weekly Housing Workshop - presentation
- Fremont Health Expo - table
- Rental Property Owners & Property Manager's Informational Training - presentation
- Legal Assistance for Seniors - joint presentation at Senior Center
- Fremont Senior Center - table
- Fremont Human Relations Commission - presentation
- Fremont Senior Citizens Commission - presentation
- Fremont City Newsletters - articles
- Fremont City Website - postings
- City of Fremont Social Media - postings

PROGRAM DATA

RENT REVIEW CASE DATA

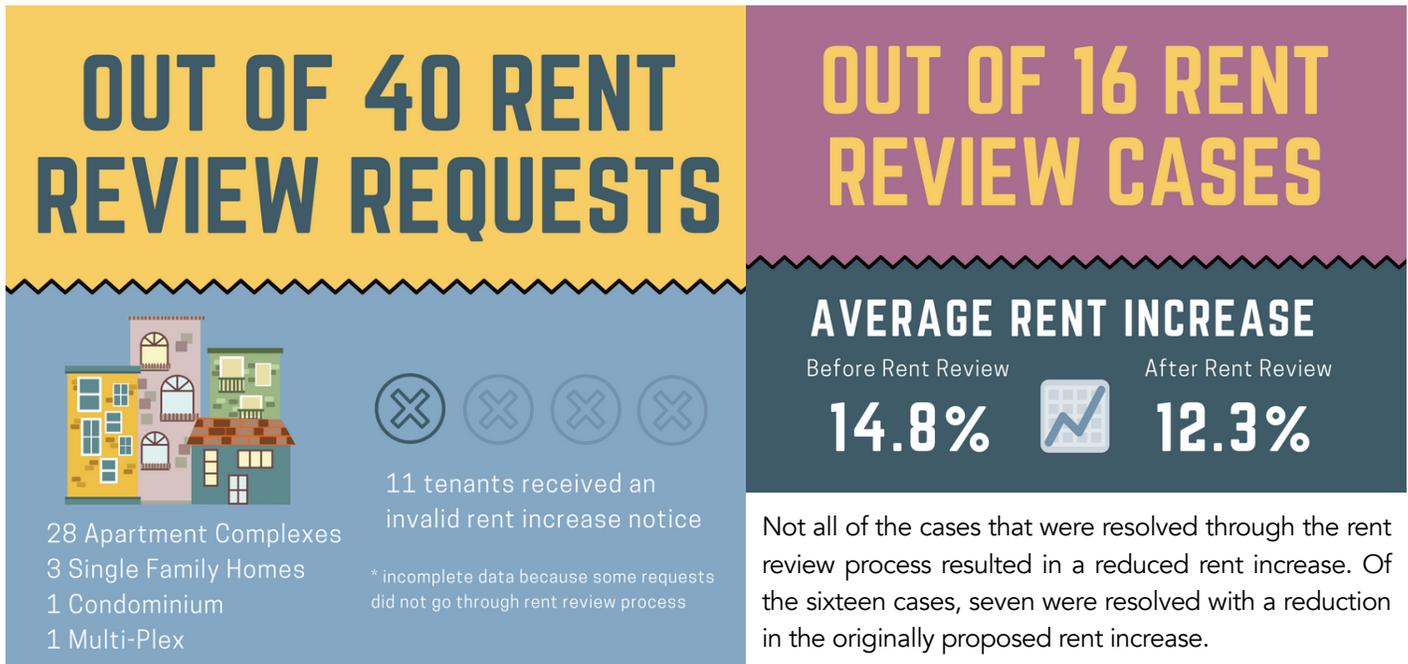
From January 1, 2018 to June 15, 2018, the City received a total of 40 requests to initiate the rent review process. Not all of these requests went through the rent review process. Table 1 shows the breakdown of the requests received.

Table 1. A Breakdown of Rent Review Cases



- **Three** rent review requests from tenants did not proceed because the tenant ceased contact with the City after submitting a request form.
- **Three** rent review requests from tenants were past the 15 day deadline to request a rent review, and therefore were unable to initiate the process.
- **Ten** rent review requests the City received were from tenants who reside at properties that are exempt from the Rent Review Ordinance because the units are affordable housing units. These tenants were not able to go through the rent review process.
- **Nine** rent review cases were resolved prior to the consultation phone call. This is due to several reasons. Prior to the consultation phone call, program staff works with the tenant to encourage them to approach the landlord or property manager and discuss the rent increase directly. With these nine cases, this approach resulted in a resolution agreed to by both parties. However, if the tenant is not willing to discuss the matter with the landlord or property manager directly, or if the conversation did not result in a resolution, the tenant still has the option to continue with the rent review process.
- **Five** rent review cases were resolved during the consultation phone call. Of the five cases, **three** were resolved with a reduction in the rent increase. In one case, the tenant did not want to proceed with mediation, and accepted the originally proposed rent increase. In the other case, the tenant submitted a 30-day notice to vacate, and moved out of the unit.

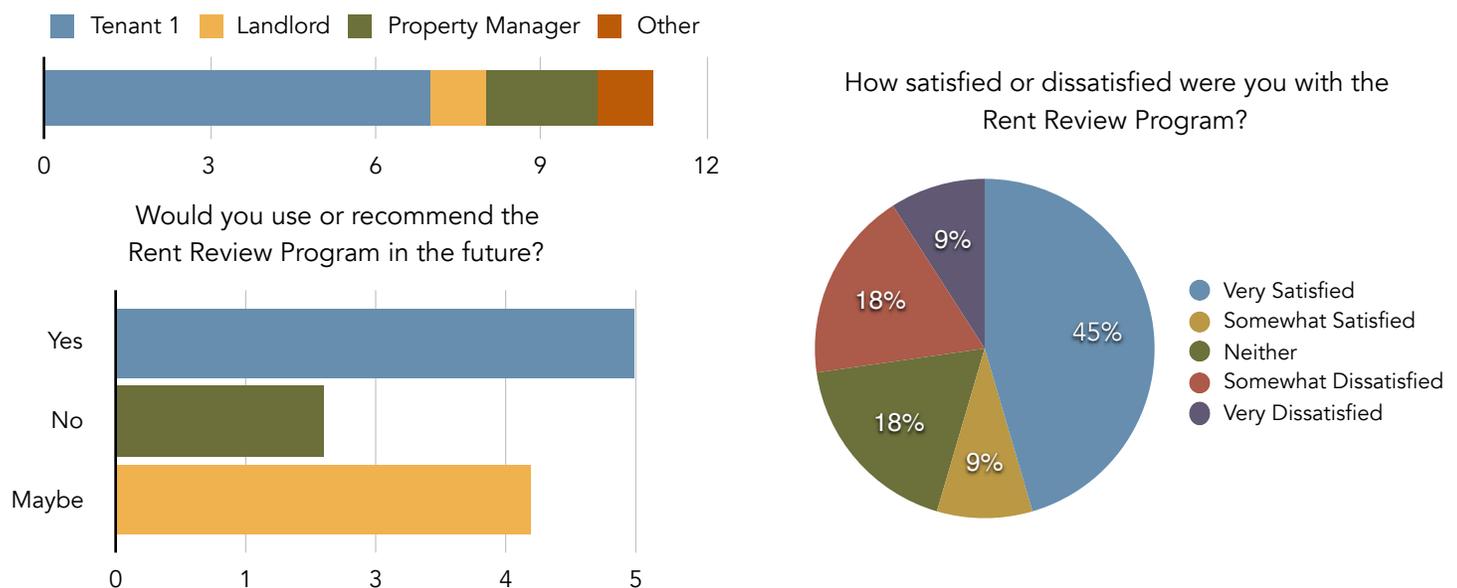
- One case was resolved during an in-person mediation, with a reduced rent increase from 9.86% to 5.7%.
- One case was resolved at a Rent Review Board Hearing. The Rent Review Board did not make a recommendation because both parties agreed to the original terms of the agreement.



RENT REVIEW FOLLOW UP

Once the rent review case is complete, City staff follows up with both parties and asks them to fill out a survey evaluating the rent review process and to give an opportunity to provide any feedback. Follow up generally happens about 1-3 weeks after the case is resolved.

Of the 16 cases that completed the rent review process, 11 responded to the request to complete a survey. The results of those responses can be found below.



How can we improve the Rent Review Program?

I am not sure how the program can be **improved**. It is difficult to be required to have to go to mediation when a resident does not feel the rent increase is **fair**. The landlord has huge **expenses**; and yes bay area rents are increasing. In the end you agree to reduce the rent or you have to continue with **more time**. The time to complete the paperwork is time consuming, the meeting, etc.

As a **Tenant**, I feel the **Landlord** has more leverage knowing the Rent Review Board recommendation is **not binding**. Therefore, the Landlord would never agree to reduce the rent increase. As a tenant, I felt I had **no choice but to agree**, because otherwise the Landlord could serve notice to vacate, and I cannot afford to move.

Do you have any additional comments?

GENERAL INQUIRIES

City staff have received approximately 150 phone calls, emails, and letters with general inquiries and feedback from the public. The following are the top 5 topics that have come up that are not related to specific rent increases.

1. Rent Review Ordinance - general questions and feedback about the ordinance, and questions around the new noticing requirements.
2. Affordable Housing - the City needs more affordable housing.
3. Rent Control - the City received feedback both for and against rent control.
4. Annual Per Unit Fee - landlords are against paying the rent review fee.
5. Landlord/Tenant Disputes - landlords and tenants have called to issue complaints against the other party, or to ask general Fair Housing questions. These individuals have all been referred to appropriate organizations.

As a property manager, I am very fair and encourage landlords to work with tenants and not issue huge increases every year. The Rent Review Ordinance has been negatively impacting residents, because landlords who normally don't issue regular rent increases will now begin issuing 5% rent increases every year instead of working with their tenants.

My rent is getting too high, so I need to get on low income housing wait lists. Seniors and low to moderate income families are getting priced out of Fremont.

I am a senior currently living in a care facility, and a Fremont landlord. The annual per unit fee is negatively impacting me because the rent I am currently charging is not even enough to cover my own expenses, and now I have to pay this additional fee.

CONTACT US



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Rent Review Program

Rent Review Ordinance

On October 3, 2017, the Fremont City Council adopted the [Rent Review Ordinance](#), effective January 1, 2018. The ordinance covers all residential rental units in Fremont, including single family homes. The Rent Review Program provides for a review and, if

Contact Us!

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