

Rising Rents and Tenant Displacement San Mateo County



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Executive Summary (to be added)

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Tenant Displacement in San Mateo County

“If the rising tide doesn’t lift all the boats, it replaces those boats.”

Russell Hancock, Joint Venture Silicon Valley,
President and CEO

This report is intended to help the 21 jurisdictions in San Mateo County to understand the extent and impacts rising rents are having on tenant displacement and neighborhood stability in San Mateo County. The report is focused on two

primary topics: (1) the extent of the problem, and (2) the policy/regulatory options available to jurisdictions. Preparation of this document has been assisted by work on displacement undertaken by the City of San Mateo, City of Menlo Park, City of East Palo Alto and the City of Redwood City, as well as review and contributions from numerous organizations involved in the issue of tenant displacement (please see Appendix A for a list of organizations and possible speakers).

Introduction

The booming economy in the San Francisco Bay Area is exacerbating an already severe housing crisis. The cost of virtually every type of housing is increasing. According to the California Association of Realtors, only 13% of the households currently residing in San Mateo County could afford to purchase the median priced home in San Mateo County in the second quarter of 2015. Even with the economic downturn during 2008-2011, both sales and rental prices have been increasing significantly.

The demand for housing affordable to all but the wealthiest residents far exceeds the available supply. As a result, creating new housing and retaining existing affordable housing in San Mateo County is a significant challenge, especially rental housing for lower and moderate-income households.

The rental housing affordability crisis has been caused by a number of factors, including, but not limited to: (1) increased demand and the shortage of supply of housing affordable across all income levels; (2) rapid increase in rents over the past 8 years; (3) low rate of household earnings increases across lower and moderate income households; and (4) increases in the number of lower wage jobs with lower wage housing demand.

Current Anti-Displacement Strategies Utilized in San Mateo County

This report focuses on strategies to address near-term tenant displacement impacts. The table below shows current anti-displacement policies in San Mateo County jurisdictions. Appendix B provides brief definitions of these strategies. The anti-displacement strategies described should not be considered equal in effectiveness in addressing displacement, maintaining neighborhood stability, or potential impacts on the rental housing market.

Anti-Displacement Policies in San Mateo County Jurisdiction (2017)

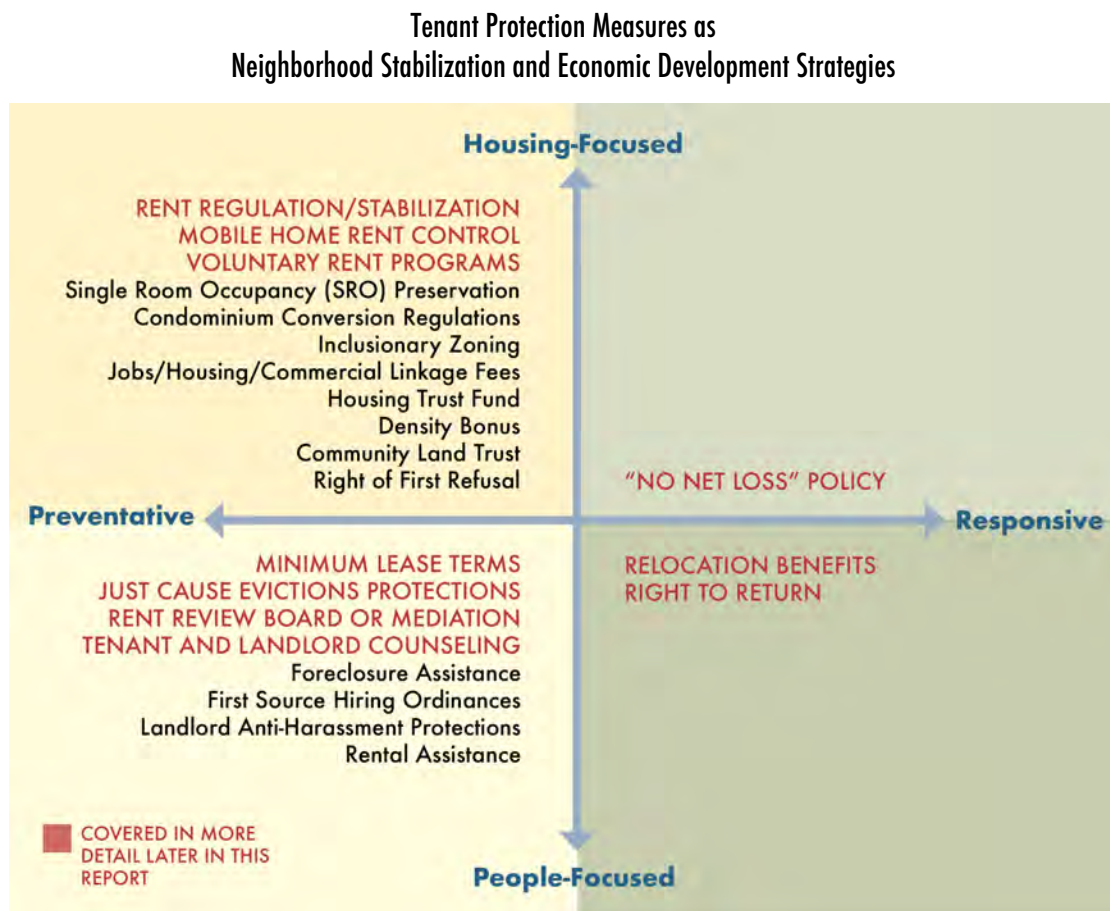
Jurisdiction		PDA's in Jurisdiction	Anti-Displacement Policies													
			Condominium Conversion Ordinance	Just Cause Evictions	Rent Stabilization	Rental Repair and Rehabilitation Program	Rent review board and/or mediation	Mobile Home Rent Control	SRO (Single-Room Occupancy) Preservation	Foreclosure Assistance	Locally Required Relocation Assistance	Minimum Lease Terms for rentals	Voluntary ("Good Behavior") Rent Program	Landlord-Tenant Fair Housing Counseling	Tenant Anti-Harassment Policies	Source of Income Non-Discrimination Ordinance
Atherton	None															
Belmont	Belmont Village	X			X											
Brisbane	San Francisco/San Mateo Bi-County Area	X							X	X						
Burlingame	Burlingame El Camino Real	X								X						
Colma	El Camino Real															
Daly City	Bayshore; Mission Boulevard	X						X	X	X						
East Palo Alto	Ravenswood	X	X	X	X	X	X	X	X	X	X	X		X	X	X
Foster City	None	X			X											X
Half Moon Bay	None															
Hillsborough	None															
Menlo Park	El Camino Real Corridor and Downtown	X										X				
Millbrae	Transit Station Area	X														
Pacifica	None	X		X												
Portola Valley	None															
Redwood City	Broadway/Veterans Blvd Corridor; El Camino Real Corridor; Downtown					X				X						
San Bruno	Transit Corridors									X						
San Carlos	Railroad Station		X						X							
San Mateo	Grand Boulevard Initiative; Rail Corridor; Downtown	X			X					X					X	
South San Francisco	El Camino Real; Downtown	X			X				X	X						
Unincorporated	North Fair Oaks; El Camino Real Corridor (Unincorporated Colma)	X			X			X		X						
Woodside	None															

Source: C/CAG Priority Development Area Investment & Growth Strategy 2017; survey conducted March 2017

Anti-Displacement Strategies Viewed in the Context of Neighborhood Stabilization and Economic Development

One way to view tenant protection measures is from the perspective of neighborhood stabilization and economic development strategies. Generally, in stable neighborhoods, mobility is a choice rather than a forced situation. As stated by Miriam Zuk, Ph.D., U.C. Berkeley, “Stable neighborhoods are characterized by low turnover where people can remain in place by choice in quality housing, contributing to family and community well-being, civic engagement, and the formation of social capital.”¹

This approach is illustrated in the graphic below, which also shows, in red caps, the tenant protection measures described in more detail later in this report. As shown in the graphic, tenant protection strategies can be mapped onto four quadrants based on whether a particular strategy should be considered (1) responsive OR (2) preventative, and whether it is (3) a housing-focused strategy, OR (4) a people-focused strategy.



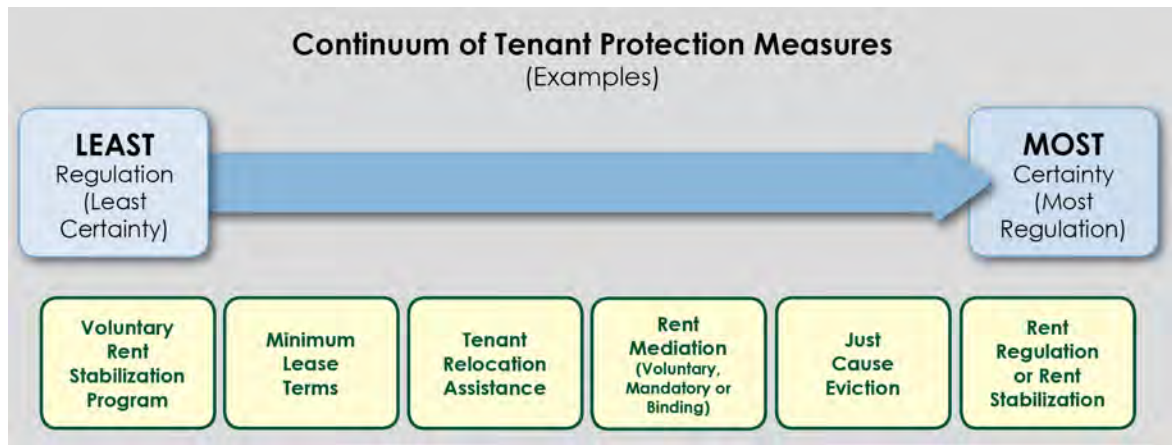
As an explanatory example from the graphic, relocation assistance would help to address some of the impacts on a household AFTER they are displaced, so it is responsive

¹ Miriam Zuk, Ph.D., U.C. Berkeley, Urban Displacement Project, presentation at the Federal Reserve Bank of San Francisco on Investment without Displacement: Stabilizing Housing for Bay Area Renters, November 22, 2016

and people-focused. Or, minimum lease requirements can prevent the loss of rental housing BEFORE it occurs — even though minimum lease terms do not reduce the impacts of rent increases — so it is preventative and people-focused. Inclusionary zoning, on the other, will produce new affordable housing, so it is preventative and housing-focused.

Anti-Displacement Strategies Viewed Along a Continuum of Regulation and Effectiveness

Another way to view “tenant protection measures” is along a continuum in terms of the amount of government regulation of the landlord-tenant relationship and the required agency resources needed to implement the regulation.² The graphic below illustrates “tenant protection measures” along this continuum in terms of the level of government regulation of the landlord-tenant relationship, certainty of effectiveness and the agency resources dedicated to implementation of the regulation. All of these ordinances are subject to limitations imposed by State law, including the Costa-Hawkins Act.³



At one end (of the continuum) are measures that mandate a minimum lease term with stable rents during the time, required notice periods in addition to or beyond those required under State law and mandatory (but non-binding) mediation of certain landlord-tenant disputes, including with respect to rent increases.

Further along the continuum and measures that limit the basis upon which the tenant may be evicted from a tenancy (so called “just cause eviction ordinances”) and that may require a landlord to provide relocation assistance in some cases to displaced tenants.

Finally, some jurisdictions have moved further along the continuum and adopted rent stabilization ordinances that limit the ability of a landlord to increase rents on covered

² County of San Mateo Interdepartmental Correspondence, from John C. Beiers, County Counsel, and John D. Nibbelin, Chief Deputy County Counsel (See Appendix C)

³ http://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7.&article

units. The key characteristics of these ordinances vary among jurisdictions and many of them incorporate other tenant protection measures, such as just cause eviction and relocation assistance.

Longer-Term Strategies to Address Displacement

There are also numerous OTHER STRATEGIES that can help address lower-and moderate-income tenant displacement by increasing the availability and affordability of rental housing in the LONG-TERM. The table below shows affordable housing production, funding, and other regulations currently being used by San Mateo County jurisdictions.

**Affordable Housing, Funding and Building Regulations
San Mateo County Jurisdictions (2017)**

Jurisdiction	PDA's in Jurisdiction	Affordable Housing Production Strategies			Local Funding Sources			Site and Building Regulations					
		Density Bonuses	Inclusionary/Below Market Rate Housing Policy	Housing Overlay Zone	Housing Impact Fee/ In-Lieu Fees for Inclusionary Policy	Commercial Linkage Fee	Housing Trust Fund	Land Banking/Parcel Assembly	Flexible Design Standards	Reduced Parking Requirements	Streamlined Permitting Process	Second Units	Add'l Height w/ Public Benefit in certain zones
Atherton	None											X	
Belmont	Belmont Village	(X)	(X)		(X)	(X)	(X)	(X)	(X)	(X)	(X)	X	
Brisbane	San Francisco/San Mateo Bi-County Area	X	X	(X)	(X)	(X)		X	X	X		X	
Burlingame	Burlingame El Camino Real	X			(X)	(X)			X	X		X	
Colma	El Camino Real	X	X		X		X			X	X	X	
Daly City	Bayshore; Mission Boulevard	X	X		X		X	X	X	X	X	X	
East Palo Alto	Ravenswood	X	X		X		X	X	X	X		X	
Foster City	None	X	X	X		X	X		X	X	X	X	
Half Moon Bay	None	X	X		X						X	X	
Hillsborough	None	X							X	X		X	
Menlo Park	El Camino Real Corridor and Downtown	X	X	X	X	X	X		X	X	X	X	
Millbrae	Transit Station Area	X							X	X	X	X	
Pacifica	None	X	X		X							X	
Portola Valley	None		X		X							X	
Redwood City	Broadway/Veterans Blvd Corridor; El Camino Real Corridor; Downtown	X	X		X	X	X	X	X	X	X	X	
San Bruno	Transit Corridors	X	X		X					X		X	
San Carlos	Railroad Station	X	X		X	X	X	X			X	X	
San Mateo	Grand Boulevard Initiative; Rail Corridor; Downtown	X	X		X	X	X	X	X			X	X
South San Francisco	El Camino Real; Downtown	X	X					X	X	X		X	
Unincorporated	North Fair Oaks; El Camino Real Corridor (Unincorporated Colma)	X	X		X		X	X	X			X	
Woodside	None											X	

X – Policy in effect; (X) – Policy Under Consideration.

Source: C/CAG Priority Development Area Investment & Growth Strategy 2017; survey conducted March 2017

Examples of **OTHER IMPORTANT, MOSTLY LONGER-TERM POLICY OR STRATEGY OPTIONS TO ADDRESS TENANT DISPLACEMENT** include:

Increase the Supply of Rental Housing

- 1.1 **Multi-Family Housing Sites.** Identify sites and opportunities for constructing new multi-family housing.
- 1.2 **Accessory Dwelling Units (ADUs).** Increase the supply of accessory dwelling units.
- 1.3 **Single Room Occupancy (SRO) Housing.** Create opportunities for single-room occupancy housing.
- 1.4 **Development Incentives.** Maximize densities, provide density bonuses, create other zoning incentives and minimize impediments on available sites for new rental housing to be built.

Provide Below Market Rate (BMR), Workforce and Special Needs Housing

- 2.1 **Inclusionary Zoning.** Implement inclusionary zoning requirements.
- 2.2 **Non-Profit Affordable Housing Development.** Support and incentivize non-profit, affordable housing development.
- 2.3 **Other Agencies.** Work with school districts and other agencies to address the housing needs of their employees.
- 2.4 **Rental Assistance.** Effectively implement rental assistance programs.
- 2.5 **Rental Assistance Priorities.** Establish priority for lower income tenants displaced due to rising rents, Ellis Act or other actions.

Preserve Existing Housing

- 3.1 **Condominium Conversions.** Establish condominium conversion regulations.
- 3.2 **Short-Term Rentals.** Establish restrictions on short-term rentals to maintain the supply of housing available for rent.
- 3.3 **ADU Legalization.** Legalize and make safe and livable existing unpermitted ADUs.
- 3.4 **Foreclosure Assistance.** Provide foreclosure assistance for lower-and moderate-income homeowners.

Provide Funding and Resources for Affordable Housing

- 4.1 **Land Trust.** Establish a community land trust.
- 4.2 **Linkage Fees.** Adopt jobs, housing and commercial linkage fees.
- 4.3 **Housing Trust Fund.** Set-up and implement a housing trust fund.
- 4.4 **RHNA Transfer.** Seek ways to enable sharing of resources among jurisdictions.
- 4.5 **Landlord Incentives.** Identify possible landlord funding assistance tied to long-term tenant occupancy and rent affordability for building improvements, seismic retrofit, etc.
- 4.6 **Hiring.** Adopt first source hiring ordinance.

Impacts on Peoples' Lives from Significant Rent Increases

The following are some of the impacts on lower-and moderate-income households living in San Mateo County as a result of increasing rents. These impacts have been identified during the research conducted for this report.

- Not having flexibility to move to better housing
- Living with the uncertainty and fear of increasing rents
- Overcrowding conditions to be able to cover rent
- Crises circumstances where people face eviction
- Having money available for other living expenses
- Personal and community health implications (housing stability for people is an important consideration in community health planning)
- Difficulties local businesses have in being able to attract and retain workers
- Increasing commute times
- Challenges of Section 8 vouchers competing with high market rate rents

Health Impacts of Displacement

"The Health System has an important role to play in housing stability — working to create healthy communities can inadvertently be adding to the housing crisis and displacement challenges. We know that the things that make a community healthy — a grocery store, safe walking/biking infrastructure, access to jobs and parks, TOD — also make neighborhoods more expensive. So, while we advance investments to create healthy communities, we must simultaneously advance a comprehensive anti-displacement strategy. Otherwise, we are displacing our health problems to other counties.

Displacement causes stress, disrupts social support systems imperative to recovering from disease (providing simple day-to-day supports such as childcare), and creates job instability.

Displacement can have devastating effects on seniors with fixed incomes who are less mobile and less able to absorb fluctuations in rent or housing costs. Also, those who are really challenged and can't find other places to live become homeless — exposing them to dramatic reductions in health."

Shireen Malekafzali, Senior Manager for Policy, Planning and Equity Health Policy and Planning Program, San Mateo County Health System

See Appendix J for PowerPoint presentation on the community health implications of displacement.

Legal Framework and Definitions

Existing Legal Framework for Rent Increases and Evictions

A municipality that seeks to enact anti-displacement or other tenant protection measures must do so in the context of and in conformity with state law. A summary of current state law provisions most likely related to displacement and the enactment of local tenant protection or other displacement mitigation measures is included below.

Rent Increases

Generally, if you are on a lease, rent cannot be increased during the lease term. At the expiration of a lease term, or in month-to-month tenancies, state law provides no substantive limit on the amount or frequency of rent increases. Property owners may increase the rent as much as they want, as often as they want, so long as they give tenants sufficient notice:

- For rent increases of 10% or less, landlords typically must provide 30 days' notice. Civil Code § 827(b)(2).
- For rent increases exceeding 10%, landlords typically must provide 60 days' notice. Civil Code § 827(b)(3).

Evictions

State law mandates a judicial eviction process, which starts with a written “termination notice,” which must be given to the tenant. If a tenant fails to vacate after the expiration of the 3, 30, or 60-day termination notice (see below), the property owner can go to court to file an “unlawful detainer” suit against the tenant. Unlawful detainers follow what is called a “summary process,” meaning they are much swifter than typical lawsuits. For example, a tenant has only five days to respond to an eviction lawsuit, and the law requires that trial be scheduled within 20 days after one of the parties (typically the property owner) requests that a trial date be set.

Generally, noticing [requirements to evict a tenant \(see eviction\)](#) are based on the following:

- **60-Day Termination Notice** — A landlord must give a tenant 60-days advance written notice that the tenancy will end if the tenant has lived in the rental unit for a year or more.
- **30-Day Termination Notice** — A 30-day notice is allowed when any tenant or resident has lived in the rental unit less than one year, or the landlord has contracted to sell the rental unit to another person who intends to occupy it for at least a year after the tenancy ends.

- **3-Day Termination Notice** — A landlord can use a written three-day notice if the tenant has failed to pay the rent, violated any provision of the lease or rental agreement, materially damaged the rental property, substantially interfered with other tenants ("committed a nuisance"), or committed or used the rental property for an unlawful purpose.

In some localities or circumstances, special rules may apply to 30-day or 60-day notices, such as: (1) some cities require "just cause" for eviction and the landlord's notice must state the reason for termination; (2) subsidized housing programs may limit allowable reasons for eviction, and may require that the notice state one of these reasons; and (3) some reasons for eviction are unlawful — for example, an eviction cannot be retaliatory or discriminatory (see retaliatory actions, evictions and discrimination).

Regardless, property owners may always evict a tenant for cause (non-payment of rent, breach of the lease, nuisance, etc.). During a lease term (typically one-year), a property owner may not evict a tenant unless the property owner has good cause. For month-to-month tenancies (including tenancies that have "converted" to month-to-month after expiration of an initial lease term), there is no substantive limitation on a property owner's ability to evict a tenant without cause. That is, property owners may evict tenants for any reason or no reason at all, so long as it's not a retaliatory or discriminatory reason.

Definitions

Local agencies must constantly weigh both the benefits and impacts of economic activity and changes in a community. New economic activity has many benefits, but for people living in a community, and especially lower-and moderate-income renters, economic development can lead to gentrification and displacement.

Below are working definitions and a listing of items for consideration when evaluating the significance of economic development activity relative to community stability, gentrification and tenant displacement.⁴

A Working Definition of GENTRIFICATION — Gentrification is a shift in the socio-economic profile of an area, whereby higher income groups replace lower income groups. Gentrification typically includes an increase in property values, as well as the displacement of lower-income households and small businesses with higher income households and newer businesses. Local, state and federal government policy for economic development, job growth, beautification, transit improvements and the like can be a catalyst for gentrification by improving neighborhoods and making them attractive for private investment. Rapid job growth, especially when concentrated at

⁴ The definitions used in this report and the listing of positive and negative effects of gentrification and the effects of displacement on peoples' lives have been generated through discussions with stakeholders (please see Appendix A for a list of organizations and possible speakers).

higher wage levels, can also spur gentrification. Besides neighborhood improvements, a central issue related to gentrification is how to protect the tenure of existing residents from growing market pressures.

Positive Effects of Gentrification

- Higher incentive for property owners to increase rents and improve housing conditions
- Reduction in crime
- Stabilization of declining areas
- Increased property values
- Increased consumer purchasing power at local businesses
- Increased fiscal revenues from commercial development
- Encouragement and increased viability of further new development

Negative Impacts of Gentrification

- Displacement through rent and price increases
- Loss of affordable housing
- Community resentment and conflict
- Personal, psychological and health costs of displacement
- Loss of social diversity
- Loss of housing affordable to local workers
- Impacts on traffic and longer commutes for lower income workers unable to afford higher rents
- Potential for displacement of existing businesses, many of which are local serving businesses, through redevelopment, increasing commercial rents or a changing support market

A Working Definition of DISPLACEMENT — Residential displacement is the central mechanism for gentrification and occurs when a household is forced to move from its residence due to rent increases or loss of housing, despite the household having met all other conditions of occupancy. Displacement manifests itself in many forms, from physical (i.e., evictions, demolitions, physical renovations or change in use) to economic (i.e., rent increases). This often then results in the tenants' inability to find housing in a neighborhood that was previously accessible and affordable.

Anti-Displacement Policy and Regulatory Strategy

Options for Local Jurisdictions

Introduction to Anti-Displacement Policy and Regulatory Options

The discussion of anti-displacement policy and regulatory options in this report has been informed by 21 Elements' work in collaboration with the City of San Mateo (Housing Task Force) and City of Redwood City (Housing and Human Concerns Committee). Also, comments on displacement issues from local workshops and public hearings on displacement in San Mateo County have been considered in identifying considerations, questions and reasons for support and/or concerns about the various tenant anti-displacement strategies described below.

Further, a wide variety of organizations have been involved in reviewing materials contained in this report. For instance, the City of San Mateo Housing Task Force participants included representatives from a wide range of organizations, including:

- City of San Mateo Chamber of Commerce
- San Mateo County Association of Realtors
- College of San Mateo
- San Francisco Organizing Project/Peninsula Interfaith Action (SFOP/PIA)
- Essex Property Trust
- California Apartment Association, Tri-County Division
- G. W. Williams Co.
- Building Trades of San Mateo
- MidPen Housing Corporation
- Community Legal Services of East Palo Alto
- Housing Leadership Council of San Mateo County

Anti-Displacement Strategies Covered in Detail in this Report

Preventative Strategies

Housing-Focused

- Voluntary rent programs
- Rent regulation, rent stabilization or rent control
- Mobile-home rent control

People-Focused

- Minimum lease terms
- Just cause eviction protection
- Rent review boards or mediation
- Tenant and landlord counseling

Responsive Strategies

Housing-Focused

- "No Net Loss" policy

People-Focused

- Relocation assistance
- Right to return

Possible Approach to Anti-Displacement Strategies Agreement on the Problem

Generally, there appears to be wide-spread agreement throughout the county that increasing housing prices and rents are leading to the displacement of many long-term residents or the economically disadvantaged, and rising rents are making it difficult for many to enter the housing market in San Mateo County. There also appears to be further agreement that the situation is particularly acute in the rental market. Agreement on the problem provides an important starting point for discussion of options and the sense of urgency to address displacement through immediate and longer-term actions.

Challenges of Agreeing on Appropriate Anti-Displacement Actions

While obtaining community agreement about the near-term and longer-term impacts associated with displacement from rising rents is achievable, it is much more challenging to identify and come to agreement on anti-displacement strategies to address these concerns. For this reason, it may be helpful for a jurisdiction to group anti-displacement strategy discussions between those strategies that (1) focus on the supply of housing and expanding housing resources, from (2) strategies that address urgent and immediate tenant displacement concerns (anti-displacement strategies described in this report and listed in Appendix B).

Thus, by way of example, the discussions that occurred with City of San Mateo Housing Task Force participants resulted in a general agreement on longer-term strategies that focus on the supply side by building more housing, including affordable housing, and enhancing funding mechanisms to address

Taking Action: A Possible Approach for Implementing Anti-Displacement Strategies

1. **Define the Problem.** Come to agreement on the nature of the problem.*
2. **Identify a Range of Strategies.** Identify and discuss a range of “best practices,” including strategy options that minimize impacts on smaller “Mom and Pop” landlords with 4 or fewer rental units.*
3. **Enact Remedies.** If agreement is challenging, consider adopting easier remedies first —such as voluntary “good behavior” rental practices, minimum lease terms, relocation assistance, etc.
4. **Monitor.** Establish a timetable and approach to monitor conditions and program effectiveness over time.
5. **Modify (As Necessary).** Review program effectiveness, determine if modifications are needed, and, as appropriate, enact more effective strategies.

Then, repeat steps 4 and 5.

*Many communities have successfully undertaken this review using a community task force

critical housing needs. But, there were differences of opinion (split about 50/50) on the approach to urgent and immediate tenant displacement concerns.

Yet, despite these differences, jurisdictions in San Mateo are developing programs to address tenant displacement (see table on page 2). While the City of East Palo Alto is by far the leader in establishing requirements and regulations addressing displacement, other cities are moving forward to tackle local concerns about tenant displacement impacts. For instance, the City of Menlo Park recently adopted minimum lease terms requirements, and other cities, such as Redwood City and Pacifica (see <http://pacificacityca.igm2.com/Citizens/calendar.aspx?From=1/1/2017&To=12/31/2017> for agenda packet from the April 10, 2017 City Council meeting — Item #8), are currently investigating actions to address the displacement impacts that are occurring in their communities.

Consideration of Possible Funding Attached to Anti-Displacement Strategies

Funding available for both housing and transportation improvements available at the state and regional level appear to be placing great emphasis on local jurisdictions enacting strategies to address the potential for displacement of residents in a community.

On July 27, 2016, MTC adopted revisions to the One Bay Area Grant 2 (OBAG 2) project selection requirements that require CMAs (Congestion Management Agencies — like C/CAG) “to adopt a specific scoring methodology for selecting projects within PDAs or Transit Priority Areas (TPAs) that rewards jurisdictions with the most effective housing anti-displacement policies.”⁵ C/CAG adopted an OBAG 2 scoring criteria that included preservation and community stabilization policies.

Preservation and Community Stabilization Policies, C/CAG, for OBAG 2

1. Just Cause Eviction Protections
2. Rent Stabilization, Rent Control or Rent Regulation
3. Rent Review Board and Mediation
4. Mobile Home Rent Control
5. Single Room Occupancy (SRO) Preservation
6. Condominium Control Regulations
7. Foreclosure Assistance
8. Locally Required Relocation Assistance
9. Minimum Lease Terms
10. Voluntary “Good behavior” Rent Program
11. Rental Repair and Rehabilitation Program
12. Landlord-Tenant Counseling
13. Tenant Anti-Harassment Protections
14. Source of Income Non-Discrimination

Source: C/CAG Memo, OBAG 2 Grants, September 2016

⁵ C/CAG Agenda Report, September 8, 2016.

Draft funding guidelines established by the California Strategic Growth Council for the Affordable Housing and Sustainable Communities (AHSC) program (March 2017) establish criteria and points for “. . . projects demonstrating policies, strategies or programs that either currently exist or will be implemented through this Project to prevent the displacement of local community residents from the area surrounding the Project.”⁶

Package of Voluntary Rent Stabilization Programs

Two Bay Area jurisdictions (Healdsburg and San Rafael — see Appendix D) have adopted some form of a fair rental housing good practices — which is a voluntary program in which landlords agree to a specific set of fair rental practices. Those that do participate are recognized and listed as members, thereby identifying those rental-housing providers who have made a commitment to some form of a responsible business practice.

Voluntary rent stabilization programs establish guidelines for what is considered “good behavior” in the rental housing market. Voluntary programs can vary, but common themes or topics covered include:

Possible topics or themes to consider:

- Create transparency in sharing information about the rental housing market.
- Provide multi-lingual materials and recruit landlords to participate.
- Establish maximum rent increase percentage with one rent increase per year.
- 12-month lease options.
- 90-day rent increase or termination notices.
- Consideration of hardship cases.
- Landlord cost recovery and timely repairs.
- Provide rental owners and residents with information and a safe, neutral way to discuss issues.

Questions related to a voluntary approach include:

- What fair rental practices should be included under this program?
- Should it be an advisory (publicity and outreach based) and provide an opportunity for landlords to distinguish their properties by following best and fair rental practices?
- Should there be more specific program goals, actions and targets identified (expectations)?
- How should the success of the program be monitored and evaluated?

Concerns expressed regarding voluntary rent stabilization include:

- Not effective since there is no legal enforcement.

⁶ <http://www.sgc.ca.gov/Grant-Programs/AHSC-Guidelines.html>

- Landlords are unlikely to utilize “incentives” in the current market, since there is large upside potential to raise rents to market rates.
- In order to be effective it would likely be very expensive for City to offset forgone landlord profits.
- Incentives would not likely be cost efficient for a city, since it would likely require substantial funding and impact only a relatively small number of residents.

Possible Companion Strategies to Address Potential Renter Displacement That Can Supplement a Voluntary “Good Behavior” Approach

San Mateo County has taken a very active role in developing programs to assist renters and landlords. Below are links to current San Mateo County programs that help to reduce displacement impacts in the county:

<http://housing.smcgov.org/>
<http://housing.smcgov.org/housing-innovation-fund>
<http://housing.smcgov.org/agricultural-workforce-housing>
<http://www.smchousingsearch.org/>
<http://housing.smcgov.org/home-sharing-program>
<http://homeforallsmc.org/>
<http://housing.smcgov.org/assessment-fair-housing>

Below are companion actions local jurisdictions may want to consider to address displacement:

- State law on density bonuses has recently been amended to condition certain density bonuses for redevelopment of housing and condominium conversions on replacement of pre-existing affordable units.
- Tenant protection ordinances that prohibit harassment of tenants, provide legal remedies for tenants, etc.
- Amend BMR Eligibility list to allow priority for displaced tenants or for tenants displaced through Ellis Act actions.
- Use of affordable housing funds to preserve and/or rehabilitate existing housing
- Use of affordable housing funds for seismic retrofit loans if landlords agree to retain current tenants (could also be tied to maintaining affordable rents)
- Support for legal services for renters facing displacement, including eviction defense
- Implement incentives for landlords to rent to Section 8 voucher recipients.

Minimum Lease Terms

Some jurisdictions, such as the City of Mountain View, have adopted ordinances requiring longer-term leases for renters to add more stability for renters compared to month-to-month rental agreements. Ordinances provide prospective tenants with the ability to reject a written multiple-month lease in the instance that a month-to-month lease better suits their housing needs.

The City of Palo Alto has adopted a rental housing stabilization ordinance that provides, among other things, that a landlord must offer the prospective tenant of any rental unit (defined to include all multiple-family dwellings) a written lease for a minimum term of *at least one year*. The offered lease must set the rent for the unit at a rate certain for the entire one-year term of the lease and the rent cannot be changed during that lease term, except as provided in the written lease. If the tenant rejects the offered one-year lease, the parties are free to negotiate a lease term of less than one year.

The City of Menlo Park recently adopted the requirement for landlords to provide renters with the option of a 12-month lease (see attached). This ordinance would require landlords to notify renters of the 12-month lease option. It is intended that Menlo Park City staff will work with property owners, advocate groups and other stakeholders to provide necessary assistance to ensure landlords are providing this notification. According to the ordinance, this would apply to all rental units within Menlo Park with the following exemptions:

City of Menlo Park exemptions include:

- Single-family dwellings
- Rooms or accommodations in hotels and boardinghouses which are rented to transient guests for less than 30 consecutive days
- Dwelling units in a condominium, community apartment or planned unit development
- Housing accommodations in any hospital, skilled nursing, health or care facility, extended-care facility, non-profit home for the aged
- Dwelling units in which housing accommodations are shared by landlord and tenant
- Secondary dwelling units (the City of Menlo Park included secondary dwelling units within the list of exemptions to be consistent with other City incentives to development these types of units, but wanted to highlight it for Council consideration.)
- Housing accommodations rented by a medical institution which are then subleased to a patient or their family

- Dwelling units whose rents are controlled or regulated by any government unit, agency or authority, or with rent that is subsidized by any government unit, agency or authority
- Dwelling units acquired by the city or any other governmental unit, agency or authority intended to be used for public

Requiring a landlord to offer a minimum one-year term for a lease affords the tenant protection against rent increases during that term. However, while a landlord is required to offer a tenant a new one-year tenancy at the end of the succeeding one year lease term (if the landlord chooses to renew the lease with that tenant), the landlord is free to demand whatever rental rate the market will bear at the time of lease renewal.

Some of the concerns expressed at public meetings for 21 Elements about minimum lease terms are that a 12-month lease restricts the owner's ability to recoup costs, and a 12-month lease could inadvertently lock a tenant into high rent situation. As far as a tenant is concerned, both Mountain View and Menlo Park require the landlord to offer the tenant a 12-month lease (or both a 12-month and 6-month lease in Mountain View), although in both cities the landlord and tenant can agree on a different term or go to a month-to-month lease.

Appendix E contains frequently asked questions and other information about lease requirements in Menlo Park and Mountain View. Below are links to the ordinances:

√ City of Menlo Park:

<http://www.codepublishing.com/CA/MenloPark/html/MenloPark08/MenloPark0853.html>

√ City of Mountain View:

http://www.mountainview.gov/depts/comdev/preservation/right_to_lease_ordinance.asp

Both Mountain View and Menlo Park considered smaller properties ("Mom and Pop" landlords) as having lower rents and less ability to absorb the costs and reduced flexibility of the requirements as compared to larger rental developments. Mountain View applies their Right-to-Lease ordinance to apartment buildings with three or more dwelling units in a single structure. Menlo Park applies its ordinance to rental properties with five or more units. Exemptions for single-family homes were made in both Mountain View and Menlo Park to be consistent generally with State law that exempts single-family homes from rent regulation and requirements. Menlo Park expanded this to include second units, duplexes, triplexes and 4-plexes due to the impacts on smaller rental properties.

Both Mountain View and Menlo Park only become involved when a complaint is received about non-compliance with the ordinance. In those instances, city attorney actions include a letter and then follow-up legal action. The City of Mountain View also contracts

with Project Sentinel to provide counseling and other assistance to tenants.⁷ Staff at Menlo Park works with advocate groups and other stakeholders to provide necessary assistance to ensure landlords are providing this notification.

The California Apartment Association has provided assistance to landlords by providing a “Mountain View Addendum to Lease” on their website to implement Mountain View’s lease agreement requirements (see below).

MOUNTAIN VIEW ADDENDUM		<i>Page _____ of Agreement</i>
<p>This document is an Addendum and is part of the Rental/Lease Agreement, dated _____ between _____ (Date) (Owner/Agent) and (Name of Owner/Agent) (Resident) for the (List all Residents as listed on the Rental/Lease Agreement) </p> <p>premises located at _____, Unit # (if applicable) _____ (Street Address) Mountain View, CA _____ (Zip) </p>		
<ol style="list-style-type: none"> 1. Except as stated herein, to the extent that the terms of this Addendum conflict with those of the Rental/Lease Agreement, this Addendum shall control. All terms not specifically defined herein shall have the same definition as found in the Rental/Lease Agreement. 2. The Rental Unit, i.e., the premises is subject to the City of Mountain View’s Rental Housing and Dispute Resolution Program and Right to Lease Ordinance. Copies of these ordinances may be obtained from the City at: Project Sentinel (650)960-0495. 3. Right to Lease Ordinance: The City of Mountain View requires that Applicants for housing be offered in writing, the option of a six or 12 month fixed term written Lease Agreement. For an Applicant to accept a Month-to-Month Rental Agreement or term less than the minimum, the rejection of the term Lease Agreement must be in writing. 		
<p>Owner/Agent has offered, in writing, the option of a written Lease Agreement of six or 12 months.</p> <p>Resident <input type="checkbox"/> accepts <input type="checkbox"/> rejects the Lease term of one (1) year offered by Owner/Agent.</p>		

Mountain View has enacted other renter protection measures as well. Measure V, passed by Mountain View voters in November 2016 (53.6% in favor), amended the City Charter to limit annual rent increases to Consumer Price Index percentages (minimum of two percent and a maximum of five percent) and prohibit evictions without just cause for multifamily rental units built before February 1, 1995. In addition, an Urgency Just Cause Eviction Ordinance was also included in this action. The California Apartment Association challenged the ordinance in court but the challenge was just recently rejected.

The table below shows the size and age of occupied rental units in San Mateo County (2015 data).

⁷ <http://housing.org/>

Size of Renter Occupied Structures (2015)

Size of Structure for Renter Occupied Housing Units	San Mateo County	
	Number of Occupied Rental Units	Percent of Occupied Rental Units
Single Family Detached and Attached	32,132	30.2%
2 to 4 Units	17,232	16.2%
5 to 19 Units	28,555	26.9%
20 to 49 Units	12,739	12.0%
50 or More Units	14,714	13.8%
Mobile Home, Boat, RV, Van, etc.	917	0.9%
Total Renter Occupied Units	106,289	100.0%
Total All Occupied Housing Units	259,711	40.9%

Source: U.S. Bureau of the Census, 2011-2015 American Community Survey (5-Year Estimates)

Comparison of Minimum Lease Terms Requirements and Key Issues

Components	Menlo Park	Mountain View	Palo Alto
Minimum Lease Requirement	One-Year	One-Year or Six-Months (at tenant discretion)	One-Year
Minimum Size Project	Rental projects with 5 or more units (with exemptions)	Rental projects with 3 or more units (with exemptions)	All multiple family dwellings (with exemptions)
Tenant/Landlord Flexibility	Yes	Yes	Yes
Exemptions	SF Homes, 2-4 units, second units, etc. (see ordinance)	SF Homes, Duplexes, second units, etc. (see ordinance)	Single Family Homes and similar exemptions to Menlo Park
Must a One-Year Lease be Offered Each Time a Lease is Signed? Are Longer Leases Allowed?)	Yes	Yes (or 6 months option for tenant)	Yes
Limit on Rent Increases When Lease Expires	None	None	None

Key Questions/Directions for Minimum Lease Terms

Length of Minimum Lease Requirements?	1 year	1 year and 6 months (tenant option)	Tenant and landlord can also negotiate	Required with lease renewal	Other?
Minimum Size Project?	1 unit (including second units)	3 or more units	5 or more units	Other?	
Exemptions?	Rooms or hotels (less than 30 days)	Single-family dwellings and duplexes	Up to 4 units	Other?	
	Health care facilities	Condominiums, PUDs and community apartments			
	Units where rents are controlled	Second units			
	Units acquired by the city or other agency				
Other?					

Relocation Assistance

Relocation assistance is intended to mitigate the trauma and disruption to tenants and their families caused by unforeseen need for relocation (e.g. children leaving school mid-year) by addressing some of the financial impacts. The costs for relocation assistance generally cover the costs of two or three months rent. In addition to a lump sum payment, many cities require the landlord to pay for relocation assistance services and some include additional financial payments if tenant households are considered special needs — seniors, people living with disabilities and households with children. It should be noted that the amount of the relocation assistance could be an incentive for landlords NOT to evict tenants.

Projects assisted with Federal and State funds are subject to requirements to provide relocation assistance to households displaced by those projects. Lower income housing units removed from the supply by such projects generally have to be replaced with new units that are comparable in size and affordability. While Federal and State law impose requirements on projects that receive public funds, privately financed development projects are often exempt from such requirements.

There is no state law mandate for landlords to assist displaced tenants by compensating for relocation costs. Some jurisdictions that have just cause for eviction protections also implement relocation assistance requirements for “no-fault” evictions. For example, tenants may be eligible for relocation assistance if a landlord evicts them in order to move into the unit, or due to extensive renovations to the unit. Tenants who are evicted due to their own conduct (non-payment of rent, breach of lease, nuisance, etc.) are not eligible for relocation assistance under any existing policies in California. While relocation assistance ordinances are prevalent in cities with rent stabilization and just cause, other cities have chosen to adopt relocation assistance ordinances as a stand-alone policy.

Under just cause eviction ordinances, landlords may evict a tenant only for reasons that are specifically enumerated in the ordinance. Examples of permissible grounds for evicting a tenant typically include the following:

- Failure to pay rent or habitually paying rent late;
- Violation of a material term of rental agreement, where there has been notice and an opportunity to correct the violation;
- Committing or allowing the existence of a nuisance;
- Damaging the unit or common areas;
- Unreasonably interfering with the comfort, safety or enjoyment of other tenants;
- Committing or allowing an illegal activity or use;
- Owner or family member occupancy;
- Resident manager occupancy;
- Substantial renovation;
- Denying landlord lawful entry; or
- Unauthorized subtenant in possession at the end of the lease term.

Local jurisdictions often require landlords to provide relocation assistance payments to all tenants when the eviction is not the fault of the tenant (“no-fault evictions”). Other jurisdictions limit such mandated assistance based on the type of eviction or the status of the affected tenant; it is particularly common to require relocation assistance for evictions occurring when landlords require tenants to depart in order to occupy units themselves (so-called “owner-occupancy” evictions) or Ellis Act evictions (i.e., an eviction to remove a unit from the rental market).

In addition to a lump sum payment, many cities require the landlord to pay for relocation assistance services. As with eviction controls, many local agencies extend the relocation assistance requirements to tenants in units that are not subject to rent stabilization.

Relocation Requirements

In Mountain View, landlords are required to pay relocation assistance when evicting tenants under certain circumstances. The Mountain View ordinance applies only where a

landlord vacates four or more rental units within a one-year period in order to (1) withdraw from the rental market (an Ellis Act eviction), (2) demolish the rental property, (3) perform substantial renovations, (4) convert to condominiums, or (5) change to a non-residential land use. Further, only tenants with a household income at or less than eighty percent of the area median household income are eligible for relocation assistance. Other jurisdictions require relocation assistance payments without reference to the income level of the affected tenants.

Under the Mountain View ordinance, in covered eviction cases, the landlord is required to refund the tenant's security deposit (with limited exceptions), provide the affected tenants with a 60-day subscription to a rental agency, and pay the equivalent of three months' rent, based on the median monthly rent for a similar-sized unit in Mountain View. Certain special-circumstances households, including seniors, persons with disabilities, and families with a dependent child, are entitled to an additional \$3,000 payment. The ordinance also requires 90 days' notice of termination.

In summary, the Mountain View ordinance enables tenants who face "no-fault" evictions to be eligible for compensation from the landlord for moving costs and other costs of securing new housing. Specific benefits of the ordinance are:

- Helps ensure that displaced households find affordable and comparable replacement housing by providing compensation for relocation costs, such as first and last months' rent and security deposit for new rental unit, enrollment for housing search services, moving costs and storage.
- Helps mitigate trauma and disruption to tenants and their families caused by unforeseen need for relocation (e.g. children leaving school mid-year) by addressing some financial impacts.
- Requires landlords to internalize relocation costs as part of their "costs of doing business."

Other ordinances, such as the City of Glendale's, require payment of "two times the amount of the fair market rent as established by the U.S. Department of Housing and Urban Development for a rental unit of similar size of that being vacated in Los Angeles County . . . plus one thousand dollars." Glendale Municipal Code § 9.30.035

Relocation Considerations

While not directly a strategy to reduce potential displacement of tenants, since the payment is made after eviction occurs, the amount of the relocation and any other requirements for the landlord can act as a deterrent to displacement. Another related question is — if a tenant is displaced due to renovations should they have the ability to move back into the complex they left? In other words, should temporary relocation be a consideration or should relocation assistance only be provided when permanent relocation is required? (See City of Santa Monica handout attachment)

Some of the concerns expressed at public meetings for 21 Elements about relocation assistance include:

- Should it be means tested to only target those with financial need?
- If it is a “renovation only” assistance program it may encourage landlords to evict or raise rents first and then do renovations later to avoid payments. To avoid this, payment could apply to any “No Fault” eviction situation.
- The amount of mandated compensation may be excessive relative to some tenants’ needs; landlords may not be able to afford.
- Relocation assistance payments may be spent on anything the tenant wants to use the money for because ordinances do not require that compensation provided to displaced tenants be spent on costs of moving and securing new housing.
- Relocation assistance may create a perceived windfall to well-off tenants if relocation assistance not subject to stringent income-specific criteria.
- If required to absorb relocation costs as part of their “costs of doing business”, landlords could build the cost of relocation benefits into rent structures.
- A “renovation only” assistance program may encourage landlords to evict or raise rents first and then do renovations later to avoid payments. To avoid this, payment should apply to any “No Fault” eviction situation.

Most landlord-tenant relationships are governed by the California Civil Code, however, relocation assistance is not. Instead, California Health and Safety Code section 17975 states that tenants displaced by order of an agency, due to serious building code violations, are entitled to relocation compensation from the landlord. Based on discussions with Mountain View City staff, landlord intimidation has not been a problem. In addition, the City of Mountain View contracts with Project Sentinel to provide counseling and other assistance to tenants.⁸

⁸ <http://housing.org/>

Community discussions generally point to concerns by tenants about “bad actors” — situations where tenants are not treated fairly under basic good landlord standards of behavior related to percentage of rent increases, harassment or other such examples. Although only based on anecdotal evidence, it is generally assumed in other cities with relocation assistance requirements that smaller, “Mom and Pop” landlords are less likely to be “bad actors” since there is a closer connection/relationship between the landlord and their tenant(s).

Concerns have also been expressed at public meetings (by landlords, the California Apartment Association, San Mateo County Board of Realtors, etc.) that any regulation impacts the housing market, whether it is an increase in required costs, additional documentation required or reduced flexibility in choice of tenants or use of the property. These concerns have been expressed, in particular, about potential impacts on smaller rental properties (“Mom and Pop” landlords).

The City of Glendale includes landlord retaliation in their ordinance as the intent to retaliate against the tenant as a result of the tenant's assertion or exercise of rights under the law or the tenant's request or demand for or participation in mediation, arbitration, or litigation, does one of the following: (1) Threatens to evict or evicts a tenant; (2) Causes the tenant to involuntarily move from a rental unit; (3) Serves any notice to quit or notice of termination of tenancy; or, (4) Decreases any services or increases the rent.

In Glendale, retaliatory eviction may be punishable by: (1) a fine not exceeding \$250.00 for the first violation; (2) a fine not exceeding \$500.00 for the second violation; and (3) as a misdemeanor by a fine not exceeding \$500.00 or imprisonment for a term not exceeding 6 months.

Income Requirements

In Mountain View, only tenants with a household income at or less than 80% of the Area Median Income (AMI) are eligible for relocation assistance.

The City of Los Angeles provides an example of a jurisdiction that considers other factors in determining the amount of relocation assistance required, including: (1) length of residency; (2) household income less than 80% of AMI; (3) whether a tenant is residing in a “Mom and Pop” Property (4 or less units owned by a person who has 4 or less residential units in Los Angeles and a single family residence on a separate lot); and, (5) whether the tenant is considered “qualified” — 62 years of age or older; disabled as defined under California Health and Safety Code Section 50072; or residing with one or more minor dependent children. All other tenants are considered “eligible,” with relocation assistance payments significantly lower. Below is a summary of required payments in Los Angeles:

Effective July 1, 2016 through June 30, 2017

Type of Tenant Eligible or Qualified	Resided in the Rental Less Than 3 Years	Resided in the Rental 3 Years or More	Income Below 80% AMI (\$48,650 for 1 tenant; and \$55,600 for 2 tenants)
Eligible	\$7,900	\$10,400	\$10,400
Qualified	\$16,650	\$19,700	\$19,700

Relocation Assistance Payable By Mom & Pop Landlords effective July 1, 2016 - June 30, 2017

Eligible Tenant	Qualified Tenant
\$7,600	\$15,300

Comparison of Relocation Assistance Requirements

**Jurisdiction has Just Cause for Evictions ordinance

Components	Glendale**	Mountain View	Santa Monica**
What Triggers Relocation Assistance Requirements?	(1) When the unit is permanently removed from the rental housing market or requires eviction for demolition. (2) When the unit requires eviction for major rehabilitation. (3) When the landlord evicts for the occupancy of her/himself, spouse, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, children, or parents, a resident manager, or a tenant who requires case management or counseling as part of the tenancy. (4) When landlord evicts to comply with a governmental agency's Order to Vacate. (5) When they are evicted due to condominium conversion or for commercial use of the property.	Vacating 4 or more rental units within 1-year as a result of: (1) landlord seeks to withdraw units from the rental housing market; (2) landlord seeks to recover possession to demolish or remove rental units; (3) permanent displacement of tenants for purposes of remodel, renovate or rehabilitate; (4) condominium conversion; (5) change to nonresidential use; (6) change to ownership units.	(1) The landlord takes the building off the rental market (Ellis Act); (2) the landlord or a relative moves into the apartment (owner-occupancy); or (3) the landlord seeks to demolish the unit or otherwise remove it from rental use. <i>See also Temporary Relocation Assistance below</i>
Is the Relocation Assistance Targeted to Specific Households?	No	Yes — households earning less than 80% of AMI (Lower Income)	No

<p>What is Exempt from the Requirements?</p>	<p>(1) Rental units located on a parcel containing two or fewer dwelling units; (2) Rooms or accommodations in hotels, etc. which are rented for a period of less than 60 days; (3) Section 8 housing and/or other government subsidized units; and, (4) Other limited circumstances.</p> <p>A tenant would not be eligible for relocation: (1) When the tenant received actual written notice prior to entering into a written or oral tenancy agreement that an application to subdivide the property or convert the building to a condominium was on file with or had been approved by the City. (2) If evicting a resident manager to replace him/her with another resident manager. (3) When landlord evicts to comply with a governmental agency's Order to Vacate due to hazardous conditions caused by a natural disaster or an act of God. (4) The tenant receives relocation assistance from another governmental entity and that amount is equal to or greater than the amount provided in the Glendale Just Cause Eviction ordinance.</p>	<p>Exemptions resulting from: (1) mobile home park conversion; (2) compliance with enforcement order, (3) damage resulting from fire or natural disaster, and (4) temporary displacement due to remodeling or renovations where tenants have been provided with alternative housing on site or nearby.</p>	<p>Santa Monica law requires that landlords pay a fee to tenants who are forced to permanently move out of their homes, in some situations. The fee does not apply in cases of earthquake or other natural disaster, or where relocation is necessary to comply with the City's retrofitting requirements.</p>
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<p>What is Included in Arriving at the Amount Required for Relocation?</p>	<p>Relocation fee in the amount of two times the amount of the current fair market rent as established by HUD for a rental unit of similar size, PLUS \$1,000. Additional exceptions may apply.</p>	<p>(1) Full refund of tenant's security deposit; (2) 60-day subscription to a rental agency; (3) cash payment equivalent to 3-months median market rate rent for similar sized apartment; and, (4) an additional \$3,000 for households 62 years of age or older; people living with disabilities; or with one or more minor dependent children.</p>	<p>The amount of the permanent relocation fee is established in accordance with the following formula: (1) 2011 relocation fee adjusted for inflation by the percentage change in the rent of primary residence component of the CPI-W Index for the LA/Riverside/Orange County area; (2) updated annually.</p> <p>Current amounts: Studio (\$9,050); 1-BR (\$13,900); and 2 or more BR (\$18,850). Additional amounts from about \$1,000 to \$3,000 depending on unit size are required for seniors, people living with disabilities, or households with minor dependent children.</p>
<p>Is Temporary Relocation Assistance Covered?</p>	<p>Not covered in the ordinance</p>	<p>An exemption is provided for temporary displacement due to remodeling or renovations where tenants have been provided with alternative housing on site or nearby.</p>	<p>Yes, owners pay tenant's expenses when the tenant is forced to vacate an apartment temporarily for such things as termite fumigation or "tenting" of the building, extensive repair or remodel work where tenants must vacate and Code violations where the City orders tenants to leave.</p> <p>If less than 30-days — the tenant receives money for temporary housing and expenses. If more than 30-days — the tenant gets alternate rental housing.</p>
<p>Does the Tenant have the Option to Move Back to the Unit?</p>	<p>Not covered in the ordinance</p>	<p>Only under the exemption for temporary displacement where tenants have been provided with alternative housing on site or nearby.</p>	<p>The only two ways the payments for temporary relocation end are (1) the tenant returns to the apartment, or (2) the tenancy is legally terminated.</p>

Key Questions/Directions for Relocation Assistance (1)

Number of rental units vacated that would trigger relocation assistance requirements?	Vacating 4 or more rental units within 1 year	Vacating 1 or more rental unit on properties of 5 or more units	Other?			
Landlord actions that would trigger relocation assistance requirements?	Withdrawal of units from rental housing market	Landlord seeks to recover possession (owner-occupancy)	Permanent displacement of tenants for remodeling, renovation or rehabilitation	Condominium conversion or change to ownership units	Change to non-residential use	Other?
Exemptions? (in addition to number of rental units vacated)	Mobile home park conversion	Compliance with enforcement order	Damage from fire or natural disaster	Temporary displacement due to remodeling and renovations where tenants provided with alternative housing on site or nearby	End of lease, failure to pay rent, etc.	Other?

Key Questions/Directions for Relocation Assistance (2)

What is the amount and what is included in arriving at the amount required for relocation assistance?	2 months rent (HUD FMR for similar size unit) plus \$1,000	3 months rent (median market rent for similar size unit); refund of security deposit; and 60-day subscription to rental agency.	Additional amount (\$3,000) for households 62 years of age or older, people with disabilities and households with 1 or more children	Cover 4-6 months rent	Other?
Eligible households?	All renter households, consistent with other requirements	Only lower income households (earning less than 80% of AMI)	Other?		
Temporary relocation assistance required? (for 30 days or less)	Temporary relocation assistance not required where tenants are provided with alternative housing on site or nearby	First right for the tenant to return to the unit (rent may be increased)	Other?	Other?	
Other?					

Below are links to ordinances and other information (see also Appendix F for sample ordinances):

√ East Palo Alto link: <http://www.ci.east-palo-alto.ca.us/index.aspx?nid=273>

√ Mountain View link:

http://www.mountainview.gov/depts/comdev/preservation/tenant_relocation_assistance.asp

√ California Uniform Relocation Act, Government Code § 7260 et seq., Link:

<http://law.justia.com/codes/california/2005/gov/7260-7277.html>

Rent Review Board and/or Mediation

Mediators or rent review boards mediate between tenants and landlords on issues related to rent increases, and encourage them to come into voluntary agreement. Rent Mediation ordinances typically require owners of residential rental properties to include specified language on the availability of rent mediation services on rent increase notices to tenants. While there is no limit on how much rent can be increased, a tenant may request mediation (typically to a Landlord Tenant Mediator or Board) if she/he feels the increase is excessive. Mediation ordinances typically establish a timeframe for rent increase notification. A key feature of existing rent mediation ordinances is that the final decision of any mediation process is non-binding, unless specifically established in the regulations.

The goals of rent mediation generally are the same as rent regulation (limiting unreasonable rent increases and preventing displacement). The main difference is that mediation programs attempt to achieve this goal through a non-binding mediation process rather than legally binding regulatory requirements, and that mediation programs generally tend to be more permissive in establishing acceptable rent increases. Rent mediation can also be applied to more rental units and not, like rent regulation, only to units built before 1995. In San Mateo, about 34 percent of the multi-family rental units are located in buildings that were built after 1995.

Tenant/Landlord Information and Referral Services San Mateo County

Redwood City provides funds to Project Sentinel to provide Fair Housing services and tenant/landlord assistance. The City also provides support to Legal Aid Society of San Mateo County to provide tenant/landlord assistance, eviction defense, and foreclosure assistance.

East Palo Alto
San Mateo County

Mediation in the Bay Area

Alameda — Rent Review Advisory Committee

Campbell — Rental Dispute Program

Hayward — Rent Review Officer (may settle by arbitration_

Palo Alto — Mediation Ordinance

Los Gatos — Rental Dispute Mediation and Arbitration Ordinance

San Leandro

San Ramon

Mediation ordinances typically establish a timeframe for rent increase notification. In Culver City, for example, increases less than 10% require a minimum of 30 days' notice and increases of 10% or more requires a 60-day notice.

Concerns expressed regarding rent mediation include:

- No real leverage for landlords to comply with fair practices.
- There is a power imbalance between landlord and tenant.
- Tenants intimidated by fear of retaliation.
- Mediation takes a long time.
- Tenant perception that it is a waste time.
- It can generate unrealistic expectations of tenants if mediation is unsuccessful, which can be misleading.

The basic goals of a local rent mediation ordinance include:

- Keeping rent increases reasonable (generally under 10% per year).
- Providing extended noticing of rent increases or renovations requiring the termination of tenancy.
- Willingness on the part of landlords and tenants to enter into a jurisdiction's mediation process.

Most ordinances imposing mandatory mediation of rent increases limit the types of rental properties that are subject to the mediation requirement (e.g., units in buildings with multiple dwelling units). Likewise, these ordinances typically specify the types of disputes that are subject to mandatory mediation (e.g., proposed rent increases of a set percentage above "base rent," rent increases of more than a certain dollar amount per month, or multiple rent increases in any twelve-month period).

Under many such ordinances, landlords are required to participate in a non-binding mediation process if a tenant requests mediation of a dispute within the scope of the ordinance and if a landlord fails to do so, the proposed rent increase is invalid.

Appendix G contains the rent review program for the City of San Leandro. Below are links to the San Leandro program and the San Mateo County Department of Housing:

<http://www.sanleandro.org/depts/cd/housing/rentreview/default.asp>

<http://housing.smcgov.org/landlord-and-tenant-information-referral-services>

Just Cause Eviction

In addition to limiting the amount and frequency of rent increases, local governments also have the legal authority to regulate the basis for evictions. Just cause eviction statutes are laws that allow tenants to be evicted only for specific reasons. These "just causes" can include a failure to pay rent or violation of the lease terms. Just Cause and

Rent Regulation ordinances are generally tied together because under state law ("vacancy decontrol"), all rent regulation ordinances must allow landlords to set market rents with each new tenancy and, under certain market conditions, landlords have an economic incentive to evict existing tenants in order to raise the rent for a new tenancy in the unit.

Under state eviction law, if a landlord gives sufficient notice (typically 30-days or 60-days), there is no prohibition on this economically motivated eviction. Just cause eviction ordinances protect tenants from this kind of eviction, as well as any other arbitrary eviction, by requiring that landlords have some good cause (other than favorable market conditions) in order to evict a tenant.

Just cause eviction statutes are laws that allow tenants to be evicted only for specific reasons. These "just causes" can include a failure to pay rent or violation of the lease terms. Just cause eviction ordinances protect tenants from arbitrary, discriminatory or retaliatory evictions, while ensuring that landlords can lawfully evict tenants as long as they have a good reason. Just cause eviction ordinances are an important tool for promoting tenant stability, particularly in low-vacancy and expensive housing markets where landlords may be tempted to evict tenants in order to obtain higher rents.

Most cities adopt Just Cause Eviction regulations in conjunction with rent regulation since they work hand in hand. However, most such jurisdictions extend the just cause eviction protection of their ordinances to the tenants of rental units that are not themselves subject to rent stabilization, and the California courts have recognized that the Costa-Hawkins Act does not itself preempt just cause eviction ordinances. In fact, some jurisdictions have adopted just case eviction ordinances without instituting rent stabilization.

Tenant advocates maintain that just cause eviction ordinances afford tenants some degree of protection against arbitrary landlord actions, particularly in a tight rental market. Landlords often assert that such ordinances make it more difficult for them to act quickly to deal with problem tenants.

Benefits of Just Cause Eviction ordinances include:

- Limits the ability of landlords to evict existing tenants
- Protects tenants who have short-term (month-to-month) leases
- Slows down rapid increases in rent
- Stabilizes communities by slowing down evictions and decreasing turnover rates

Concerns expressed regarding rent mediation include:

- Just Cause provisions make it harder to get rid of tenants who are "at fault."

- Limits freedom of property owners in determining who lives in their property.
- Generally restricts rights of property owners by limiting what they may do with their property, requiring additional legal process before taking action against a renter.
- May impact neighborhoods by making it difficult for landlord to remove “bad tenants.”

Under Just Cause Eviction ordinances, landlords may evict a tenant only for reasons that are specifically enumerated in the ordinance. Appendix H provides examples of Just Cause Eviction from the City of San Diego and (the recently adopted) City of Union City.

Permissible grounds for evicting a tenant include:

- Failure to pay rent or habitually paying rent late;
- Violation of a material term of rental agreement, where there has been notice and an opportunity to correct the violation;
- Committing or allowing the existence of a nuisance;
- Damaging the unit or common areas;
- Unreasonably interfering with the comfort, safety or enjoyment of other tenants;
- Committing or allowing an illegal activity or use;
- Owner or family member occupancy;
- Resident manager occupancy;
- Substantial renovation;
- Denying landlord lawful entry; or
- Unauthorized subtenant in possession at the end of the lease term.

In contrast, San Jose employs a narrower approach and only prohibits evictions where the landlord's dominant motive is retaliation against a tenant's exercise of his or her rights under the city's rent stabilization ordinance, or to evade the purposes of the ordinance.

In jurisdictions with a just cause eviction ordinance, landlords are often required to satisfy special notice requirements. For example, a landlord might be required to identify the grounds for the eviction, including the facts that support that determination, and to describe the renter's rights and resources. Some jurisdictions require that a landlord give a former tenant notice when they are returning a property to the rental market where the eviction was based on owner occupancy.

Appendix H contains examples of Just Cause Eviction ordinances, with the Union City

Just Cause Eviction in San Mateo County

**East Palo Alto
Pacifica**

Just Cause Eviction Elsewhere in the Bay Area

**Berkeley
Hayward
Oakland
San Francisco
San Jose**

ordinance the most recently adopted. Links to other ordinances include:

✓ City of East Palo Alto, link: <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469>

✓ City of Oakland:

<http://www2.oaklandnet.com/Government/o/hcd/o/RentAdjustment/DOWD008793>

✓ City of Berkeley: <http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=9284>

Rent Regulation (Rent Stabilization or Rent Control)

Rent regulation ordinances are intended to protect tenants from excessive rent increases, while allowing landlords with a reasonable return on their investments. The intent of such ordinances is to provide tenants with greater certainty and predictability regarding the increases in their housing costs. State law (Costa-Hawkins) limitations apply to all rent regulation ordinances, including:

State law (Costa-Hawkins) limitations on rent regulation ordinances:

- Housing constructed after February 1, 1995 is exempt from such ordinances. (Cal. Civ. Code § 1954.52(a) (1).)
- Single-family homes and condominiums units (units where title is held separately) are exempt from local rent regulations (Cal. Civil Code § 1954.52(a) (3).)
- Property owners must be allowed to establish market rental rates upon a change in tenancy (known as “vacancy decontrol”).

Given these limitations imposed by state law, rent regulation in California is distinct from the kinds of first generation “rent control” laws well known from other areas, such as New York City or in Northern European countries.

While limiting the amount of allowable annual rent increases (usually based either on a fixed percentage or tied to inflation), ordinances can allow landlords to pass through some or all of the cost of capital improvements, increases in the cost of operation or maintenance, increases in taxes or fees, or other expenses to tenants to provide additional ways to provide a landlord with a fair rate of return.

Examples of jurisdiction approaches to rent stabilization include:

- **East Palo Alto** — applies to most rental properties built before 1988; maximum allowable rent increase 80% of the increase in the Consumer Price Index.
- **Hayward** — applies to all rental properties built before 1979; 5% maximum allowable rent increase.
- **Los Gatos** — applies to rental properties with three or more units built before 1995; maximum allowable rent increase of 5% or 70% of the increase in the Consumer Price Index, whichever is lower.
- **San Rafael** — applies to mobile homes; maximum allowable rent increase 75% of the increase in the Consumer Price Index.

- **San Jose** — applies to rental triplex or larger projects built before 1979; maximum allowable rent increase 8% (if rent increase is the first within a 24-month period, it is limited to 21%).

Some rent stabilization ordinances also create a process through which tenants can insure that property owners comply with local health and safety codes and conduct adequate maintenance. In these programs, tenants may access an administrative petition process to obtain a decrease in rent if their landlord fails to meet health and safety standards or decreases their housing services.

Concerns expressed regarding rent stabilization include:

- Owners will not be able to cover operating costs.
- Owners will not be able to cover capital costs.
- It is difficult to define and regulate “fair return” in evaluating legitimacy of increases.
- The percentage increase rewards those who have already raised rents/ punishes the good landlords.
- Government should not control the market.
- Cost to administer is expensive.
- Creates endless loops of more regulatory fixes to address unintended consequences.
- Once regulations in place once you can never go back.
- Long-term tenants get windfall over time-even if they have the means to pay market rents.
- Fundamentally unfair – why burden landlords for a broader societal problem?

Rent Regulation in San Mateo County

City of East Palo Alto — One increase per year, shall not exceed 10%; 80% of increase in the CPI. <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469>

City of Pacifica (under consideration) — Action taken by the City Council on April 10, 2017, with a ballot measure planned for November 2017. See <http://pacificacityca.igm2.com/Citizens/calendar.aspx?From=1/1/2017&To=12/31/2017> for agenda packet from the April 10, 2017 City Council meeting — Item #8)

Rent Regulation in the Bay Area

Berkeley — Complex formula with 29 factors annually calculated; 3.5% with \$30/unit cap. http://www.ci.berkeley.ca.us/Rent_Stabilization_Board/Home/Guide_to_Rent_Control.aspx

Hayward — 5% max annual increase. <http://www.echofairhousing.org/images/ResidentialRentOrdinance-1.pdf>

Los Gatos — 5% max annual increase or 70% of the increase in the CPI, whichever is greater. No more than once a year. <http://www.losgatosca.gov/faq.aspx?tid=31>

Oakland — One increase per year, 2%, adjusted to CPI in rent adjustment program; 1.7% CPI rate for rent increase.

San Francisco — 60% of CPI with maximum of 7%.

San Jose — 8% annual increase. <http://www.sanjoseca.gov/index.aspx?NID=2313>

- Interferes with free market – landlord should be able to rent unit at amount that market bears.
- May incentivize landlords to raise rents before any rent control ordinance takes effect in an attempt to evade impact of the regulation.
- As a general matter, restricts rights of property owners as it limits what they may do with their property.
- With a long line of potential tenants eager to move in at the ceiling price, discourages landlords from maintaining and repairing units until the end of a tenancy. Also, because rent increases are limited, the landlord's ability to recoup costs of improvement or maintenance is also curtailed.
- Reduces “urban vitality” by discouraging mobility; decreases vacancy rates/turnover in rental units because tenants want to keep their low-rents and are unwilling to leave.
- Is not tailored to protect intended beneficiaries – i.e. poor or other vulnerable renters; rather, may incentivize landlord to create stringent standards for applications from prospective tenants (i.e. requiring resumes, credit reports and references) which poor or other vulnerable renters may have trouble meeting.
- Incentivizes landlords to discriminate against prospective tenants likely to stay for a long time, like retiree or couples with children.
- Triggers consequences such as bribes and a “shadow market” (e.g. prospective tenant offers landlord \$5000 just to hold an \$1800-a-month one-bedroom apartment in an industrial neighborhood that he had yet to advertise; landlord offers existing tenant \$5000 to vacate rent controlled unit so landlord can reset rent for vacant unit at amount that market will bear).
- Encourages some owners to take their units off the market and sell properties, rather than rent.
- Depending on how they are crafted, rent control ordinances may be extremely burdensome and expensive to administer.

Local jurisdictions have considerable flexibility when designing rent stabilization programs, allowing for a wide spectrum of potential administrative approaches. “Active enforcement” programs involve robust data-collection and monitoring by jurisdiction staff, such as registering and certifying initial rent levels, and empower the jurisdiction to take enforcement measures against noncompliant landlords. “Passive enforcement” (also known as complaint-based) programs rely on tenants to enforce their own rights, and the jurisdiction plays more of a more limited policy setting and dispute resolution function.

Under either system, individual disputes are typically referred to an independent hearing officer who renders a legally binding decision. Some jurisdictions that have adopted rent stabilization have also established rent boards, although this is not required. Such boards generally conduct appeal hearings from decisions of the hearing officers, and also issue

regulations to further promote the purposes of the rent stabilization ordinance. Some jurisdictions also undertake investigations of alleged wrongful evictions, although the power to determine whether an eviction is unlawful remains with the courts. Most jurisdictions have passed the cost of administration as a fee for landlords that can be passed through to renters, limiting or eliminating altogether any impact on a city's general fund.

Appendix C includes a memo from County Counsel of San Mateo on a variety of tenant displacement measures and considerations. The memo includes a detailed discussion of rent stabilization approaches and considerations. Materials in Appendix I provide a comparison of approaches used in various jurisdictions throughout California (excerpted from the County Counsel memo).

The tables below show the estimated distribution of rental units in San Mateo County that were built before 1995.

Renter Occupied Housing Units Located in Structures of Two or more Units Built Before 1995***

Timeframe Occupied Rental Housing Units in Structures of Two or More Units Were Built***	San Mateo County	
	Number of Occupied Rental Units***	Percent of Pre-1995 Occupied Rental Units
Built 1980-1995	13,166	20.8%
Built 1960-1979	32,974	52.0%
Built 1940-1959	13,863	21.9%
Built 1939 or Earlier	3,355	5.3%
Total Renter Occupied Housing Units in Structures of Two or more Units Built Before 1995***	63,358	100.0%
Comparison to Total Number of Occupied Rental Housing Units and Total Number of All Occupied Housing Units	Number of Occupied Housing Units	Percent of Occupied Rental Housing (2 or More) Built Before 1995***
All Renter Occupied Housing Units	106,289	59.6%
All Occupied Housing Units	259,711	24.4%
*** Does not include renter occupied single family detached or single family attached dwelling units		

Source: U.S. Bureau of the Census, 2011-2015 American Community Survey (5-Year Estimates)

Renter Occupied Housing Units Located in Structures of Two or more Units Built Before 1995***

Timeframe Occupied Rental Housing Units in Structures of Two or More Units Were Built***	San Mateo County	
	Number of Occupied Rental Units ***	Percent of Pre-1995 Occupied Rental Units
2 to 4 Units	13,648	21.5%
5 to 19 Units	29,439	46.5%
20 to 49 Units	10,099	15.9%
50 or More Units	10,172	16.1%
Total Renter Occupied Housing Units in Structures of Two or more Units Built Before 1995***	63,358	100.0%
*** Does not include renter occupied single family detached or single family attached dwelling units		
Source: U.S. Bureau of the Census, 2011-2015 American Community Survey (5-Year Estimates)		

Mobile Home Park Preservation

Mobile home parks are a hybrid of rental housing and ownership housing. In most parks, residents own their homes and rent the space where the home is located. Mobile home parks represent one of the few remaining sources of unsubsidized affordable housing, and they provide opportunities for homeownership to those who might not be able to afford other housing purchase options. Mobile home park residents who own their homes may not be evicted without cause, but cause includes change of use of the park.

When the economy is strong, mobile home parks are particularly at risk for closure. Displacement of mobile home park residents due to rent increase, eviction or closure of the park can have very serious consequences for the park residents and the community. Despite the terminology, mobile homes are generally not mobile — it is difficult to move a mobile home once it is installed in a park, and older mobile homes generally cannot be moved. As such, if a mobile home park resident is evicted, or if a park closes, they may lose their investment in the mobile home in addition to losing the right to continue living in the community.

Government Code § 65863.7 sets forth baseline requirements for change of park use, including approval by a jurisdiction and 6-months' notice to residents. Local governments can utilize the following policy options to preserve mobile home parks as a source of affordable housing and/or to prevent the displacement of mobile home park residents from the larger community.

There are a total of 2,537 mobile home park spaces in San Mateo County, with an additional 712 RV spaces, as shown in the table below.

San Mateo County Mobile Home and RV Parks (2016)

Jurisdiction	Name of Mobile Home Park	Mobile Home Spaces	RV Spaces	Total Spaces
Brisbane	Sierra Point Mobile Home Park*	61		61
Daly City	Golden Gate Motel & Trailer Park		25	
	The Franciscan Mobile County Club	501		526
East Palo Alto	Palo Mobile Estates	117		
	Creekside Trailer Lodge	29		146
Half Moon Bay	Canada Cove	360		
	Hilltop Mobile Home Park	58	5	
	Half Moon Bay RV		67	
	Pelican Point	1	75	566
Pacifica	The Cottages at Seaside	93		
	San Francisco RV Resort		182	275
Redwood City	Harbor Village Mobile Home Park	284	20	
	Le Mar Mobile Home Park	43	3	
	Redwood City Motel & Trailer Park	49		
	Redwood Motor Court Trailer Park		8	
	Redwood Mobile Estates	100		507
South San Francisco	Treasure Island Mobile Home Park	145	237	382
Unincorporated San Mateo County				
La Honda	La Honda Trailer Park	20		
Belmont	Belmont Trailer Park	91		
Moss Beach	Pillar Ridge	227		
North Fair Oaks	Sequoia Trailer Park	134		
North Fair Oaks	Redwood Trailer Village	50		
Redwood City	Bayshore Villa Manufactured Housing Community	137		
Redwood City	Trailer Villa	37	90	786
Total		2,537	712	3,249

Source: San Mateo County Department of Housing, May 2016. NOTE: (* Brisbane has contracted with San Mateo County for enforcement)

Those jurisdictions with mobile home park rent stabilization ordinances in San Mateo County cover 1,497 mobile homes out of a total 2,537 mobile homes located in San Mateo County. This accounts for 59% of all mobile homes in San Mateo County being covered under a rent stabilization ordinance. Jurisdictions with mobile home rent stabilization include:

- **Daly City.** Adopted in 1980 and covers 501 mobile homes.
- **East Palo Alto.** Adopted in 1983 and covers 146 mobile homes.
- **Pacifica.** Adopted in 1991 and covers 93 mobile homes.
- **San Mateo County.** Amended in 2016 and covers 696 mobile homes. Brisbane has contracted with San Mateo County for enforcement covering an additional 61 mobile homes. Link: <http://housing.smcgov.org/mobile-home-parks>

If a city has identified a mobile home park that is at risk of closure, their housing element must include concrete programs for assisting in the preservation of that park. Cities may consider helping to facilitate a resident purchase of the park (if the residents are amenable), helping to facilitate a non-profit purchase of the park, and/or using city funds (e.g., CDBG) to help preserve the park.

Appendix I includes a summary comparison of mobile home rent stabilization ordinances. Links to specific ordinances include:

- ✓ City of San Jose Mobile Home Rent Ordinance:
<http://www.sanjoseca.gov/DocumentCenter/View/2096>
- ✓ City of Goleta Rent Control Ordinance:
<http://qcode.us/codes/goleta/> (Ch. 8.14)
- ✓ City of Escondido Rent Control Ordinance:
<http://www.escondido.org/Data/Sites/1/media/pdfs/MobilehomeRentControlArticle5.pdf>

“No Net Loss” Policy

A “no net loss” policy is a formally adopted policy establishing a jurisdiction’s intent, through either preservation or replacement, to maintain at least its current level of homes affordable to low-income families. Affordable homes, and the low-income families that live in them, can be lost in a variety of ways, including demolition to make way for new buildings or infrastructure, rising rents, and the conversion of rental units to other uses. A no net loss policy may apply either jurisdiction-wide, or within specifically defined areas. Since many areas have already lost a substantial number of affordable homes, and low-income residents, it may be appropriate to set the target affordability level at an earlier peak number rather than at present-day levels.



COUNTY OF SAN MATEO
DEPARTMENT OF HOUSING

Notice of Mobilehome Rent Control Ordinance

All mobilehome parks located within the unincorporated area of San Mateo County are subject to the Mobilehome Rent Control Ordinance, Chapter 1.30 of the San Mateo County Ordinance Code (the “Ordinance”), which limits rent increases for qualifying mobilehome spaces.

A complete version of the Ordinance can be found at the San Mateo County Department of Housing website: <http://housing.smcgov.org/mobile-home-parks>.

About the Ordinance

Purpose:

The County of San Mateo adopted the Ordinance to protect residents of mobilehome parks from unreasonable space rent increases while, at the same time, recognizing the need of mobilehome park owners to receive a just and reasonable return on their investment.

Who is Covered:

The Ordinance applies to mobilehome parks which are either (1) located within the **unincorporated area** of San Mateo County or (2) by agreement are bound by the Ordinance. For a current list of all mobilehome parks covered by the Ordinance, please visit the Department of Housing’s website at <http://housing.smcgov.org/mobile-home-parks>.

The Ordinance applies to leases of spaces in covered mobilehome parks for terms of **twelve (12) months or less**. If you have a lease for term longer than twelve months, your lease is not covered by the Ordinance. However, mobilehome park owners are not allowed to require tenants to accept lease terms longer than twelve (12) months.

Rent Charges and Rent Increases:

Under the Ordinance, the rent for a covered mobilehome space is based on rents that were in effect on **July 1, 2003**. The Ordinance allows rents increase **once** every twelve (12) months by an amount no greater than 75% of the percent change in the Consumer Price Index, or 5%, **whichever is less**. These limits on rent increases apply regardless of whether there is a change in ownership or change of tenant. A mobilehome park owner can petition for a larger rent

increase under certain circumstances. (Ord. Code, § 1.30.030.)

A mobilehome park owner can request a rent increase greater than the maximum rent allowed if the owner believes the maximum rent allowed under the Ordinance denies a fair return. The owner may file a petition requesting an additional rent increase and must tell affected tenants when they have filed such a petition (Ord. Code, § 1.30.040.)

A hearing on the owner’s petition will occur between 30 and 120 days after the petition is filed. The mobilehome park owner and all potentially affected tenants will receive notice of the hearing on the petition at least 14 days before the hearing and they have the right to appear and testify at the hearing. Both mobilehome park owners and affected tenants may retain legal and other professional assistance for the hearing. (Ord. Code, § 1.30.060.)

Services and Maintenance:

If a mobilehome park owner eliminates or reduces services or maintenance that had been provided as of July 1, 2003, then the rent for the affected mobilehome space(s) must be reduced by an amount proportionate to the value of the eliminated or reduced services or maintenance. (Ord. Code, § 1.30.030.2.)

Tenant Rights:

A tenant can refuse to pay any rent increase if the owner violated the Ordinance. If a tenant refuses to pay a rent that violates the Ordinance, the tenant may raise the violation of the Ordinance as a defense to eviction or to the owner’s attempt to collect the rent increase. (Ord. Code, § 1.30.090.)

A “no net loss” policy is a formally adopted policy establishing a jurisdiction’s intent, through either preservation or replacement, to maintain at least its current level of homes affordable to low-income families. Affordable homes, and the low-income families that live in them, can be lost in a variety of ways, including demolition to make way for new buildings or infrastructure, rising rents, and the conversion of rental units to other uses. A no net loss policy may apply either jurisdiction-wide, or within specifically defined areas. Since many areas have already lost a substantial number of affordable homes, and low-income residents, it may be appropriate to set the target affordability level at an earlier peak number rather than at present-day levels.

Local governments can use a variety of policy and funding tools to achieve a no-net-loss target:

- **Dedicated funding for affordable housing preservation and construction.** Funding can be used to purchase or rehabilitate units at-risk of loss or create new affordable units through strategies such as: subsidizing maintenance and/or rehabilitation of income-restricted units that may be at risk of loss due to either expiring affordability restrictions or from lack of upkeep; acquiring older market-rate properties to preserve them as permanently affordable housing; and funding the construction of permanently affordable units to replace those demolished or lost due to market forces. This approach imposes a financial and administrative burden on the jurisdiction implementing the no net loss policy. There are a wide variety of local, regional, state, and federal funding options for these activities.
- **Tenants’ first right to purchase.** An ordinance granting tenants a first right to purchase (also called a first right of refusal) if their buildings are offered for sale creates an opportunity to preserve existing affordable rental units in the private market. First right of purchase ordinances require landlords to provide notice if they intend to offer the building for sale; the tenants (or affordable housing providers or public agencies acting on their behalf) then have the right to enter into good faith negotiations to purchase the building and/or to match the offer of a third party buyer. Examples of jurisdictions with successful first right to purchase programs include Washington, DC, Montgomery County, MD, and Chicago, IL.
- **Limits on conversion of rental housing to condominiums.** To protect the supply of rental housing, which is generally more affordable to lower-income households, a local government can prohibit, cap, or otherwise regulate the conversion of existing rental units to condos. Many jurisdictions in San Mateo County and throughout the Bay Area have some limitations on condominium conversions, though these policies may need evaluation and strengthening to increase their effectiveness.

- **Using public land for affordable housing.** Many local jurisdictions, transit agencies, school districts, and other public agencies regularly sell or lease property that they no longer need. This land can be a valuable resource to help create new affordable housing. The state Surplus Land Act already requires that public land be prioritized for affordable housing (Cal. Gov. Code §§ 54220-54233), but local jurisdictions can go above and beyond this baseline with policies to ensure that affordable housing gets built on public land, offer land for sale at reduced prices to help make affordable development more feasible, and work with nonprofit affordable housing developers to help them plan and fund housing development on public land.
- **Implementing no net loss in the development process.** Local governments can enact no-net-loss policies that apply to proposed construction through a variety of methods, such as prohibiting or limiting demolitions or conversion of affordable housing, or requiring one-for-one replacement of demolished or converted units. State law on density bonuses has recently been amended to condition certain density bonuses and development incentives on replacement of pre-existing affordable units, which offers a model for local policies. Cal. Gov. Code §§ 65915 & 65915.5. This approach must comply with certain legal limitations and puts the primary burden on project sponsors (developers, builders).
- **Rent stabilization and just cause.** By protecting tenants against exorbitant rent increases and unjustified evictions, these tenants' rights policies can stem the loss of naturally affordable rental housing and make it easier for a local government to achieve a no net loss goal.

A no net loss policy can be implemented through a hybrid of regulatory and funding approaches, or could apply one approach for projects with certain levels of impact (up to a certain number of units lost, for instance), while applying a more stringent approach for projects above a certain threshold of impact.

Implementation of any strategy typically requires an accurate inventory of affordable units and/or of homes occupied by low-income households. This could include only dedicated affordable units (those with legal restrictions maintaining their affordability) or dedicated affordable units and units that are considered “naturally” affordable because the rent or price (being relatively low due to unit quality, location or other market factors). Another key component of implementation is tracking of units lost or at-risk of loss, and assessment of proposed development projects to determine their potential net impact on housing stock. The basis for tracking is most likely found in a jurisdiction's housing element.

To be most effective, a no net loss policy typically establishes a goal of no net loss of affordable units not only in total, but also by income level. For example, the policy can maintain at least the current stock of extremely low-income units, the stock of very-low income units, and the stock of low-income units, with each income grouping maintained at the current level, rather than treating units across income categories.

For purposes of tracking unit affordability, most jurisdictions rely on the affordability calculations established by the U.S. Department of Housing and Urban Development, or the variations on those calculations established by various state Departments of Housing, which establish the basic income categories that count as each level of affordability, and typically assume 30% of income as an affordable monthly budget for housing expenses.

Examples of “No Net Loss” policy include:

- **Portland, Oregon:** Portland, Oregon has enacted a no net loss policy for the entire Central City area. Portland tracks the number of affordable units in the Central City area by income level, and attempts through a variety of policy measures to incentivize or create replacement housing. Portland does not prohibit residential conversion or demolition on a per-project basis, but attempts to balance the number of units in the area overall, through policy and funding tools.
- **San Luis Obispo, California:** San Luis Obispo, CA, on the other hand, has a regulation that directly prohibits housing conversion and demolition in the downtown area. The ordinance requires developers of any project that would result in a net loss of affordable housing, as determined by the City's calculations, provide replacement units directly to make up the loss.
- **San Francisco, California:** San Francisco has a condominium conversion ordinance that appears to allow some tenants options to purchase units or to keep rent controlled leases after conversion.

There is also a state statute (Government Code section 65863, et seq.) which requires local jurisdictions, when reducing the residential density for a parcel of land, to consider the impact of such reduced density on regional housing needs and to identify sufficient additional, adequate and available sites with an equal or greater residential density in the jurisdiction so that there is no net loss of residential unit capacity.

Why is Displacement an Important Concern?

What Is The Relationship Between Jobs and Rents?

The table below shows a breakdown of various types of jobs in the San Francisco-San Mateo-Redwood City area compared to the ability to pay “asked for” rents.

Typical Wages for Major Occupational Groups in San Francisco and San Mateo Counties (May 2015) and Affordable Rents (2016)

Major Occupational Groups	Average Annual and Hourly Wages		Affordable Rent Based on 30% of Income	Average “Asked For” Rent (2016)	Difference Between Rent and Monthly Wages	Number of Workers (1,020,030 Workers)	Percent of Workers Within Income Category	2016 Income Limits
	Annual Average Wage As of May 2015	Average Hourly Wage						
Food Preparation & Serving Related	\$29,730	\$14.29	\$743.25	\$2,786	-\$2,043	100,400	16.3%	Extremely Low Income (<\$36,900)
Personal Care & Service	\$32,780	\$15.76	\$819.50	\$2,786	-\$1,967	28,790		
Building & Grounds Cleaning/Maintenance	\$34,790	\$16.73	\$869.75	\$2,786	-\$1,916	37,480		
Farming, Fishing, & Forestry	\$37,170	\$17.87	\$929.25	\$2,786	-\$1,857	370	39.8%	Very Low Income (\$36,900-\$61,500)
Healthcare Support	\$39,930	\$19.20	\$998.25	\$2,786	-\$1,788	15,690		
Production Occupations	\$43,370	\$20.85	\$1,084.25	\$2,786	-\$1,702	24,290		
Transportation & Material Moving	\$45,000	\$21.64	\$1,125.00	\$2,786	-\$1,661	52,250		
Office & Administrative Support	\$48,550	\$23.34	\$1,213.75	\$2,786	-\$1,572	157,350		
Community & Social Service	\$55,890	\$26.87	\$1,397.25	\$2,786	-\$1,389	12,990		
Sales & Related	\$58,220	\$27.99	\$1,455.50	\$2,786	-\$1,331	98,750		
Protective Service	\$58,950	\$28.34	\$1,473.75	\$2,786	-\$1,312	21,920		
Installation, Maintenance, & Repair	\$61,490	\$29.56	\$1,537.25	\$2,786	-\$1,249	22,830		
Education, Training, & Library	\$63,210	\$30.39	\$1,580.25	\$2,786	-\$1,206	45,000	9.8%	Low Income (\$61,500-\$98,500)
Construction & Extraction	\$69,510	\$33.42	\$1,737.75	\$2,786	-\$1,048	29,930		
Arts, Design, Entertainment, Sports, & Media	\$77,740	\$37.38	\$1,943.50	\$2,786	-\$843	25,210		
Life, Physical, & Social Science	\$97,760	\$47.00	\$2,444.00	\$2,786	-\$342	21,430	24.8%	Moderate Income (\$98,500-\$129,250)
Business & Financial Operations	\$100,180	\$48.17	\$2,504.50	\$2,786	-\$282	91,930		
Architecture & Engineering	\$105,260	\$47.72	\$2,631.50	\$2,786	-\$155	22,040		
Computer & Mathematical	\$111,050	\$61.09	\$2,776.25	\$2,786	-\$10	80,480		
Healthcare Practitioners & Technical	\$112,380	\$54.03	\$2,809.50	\$2,786	+\$24	36,590		
Legal Occupations	\$149,020	\$61.83	\$3,725.50	\$2,786	+\$940	14,480	9.2%	
Management Occupations	\$155,170	\$74.60	\$3,879.25	\$2,786	+\$1,093	79,830		

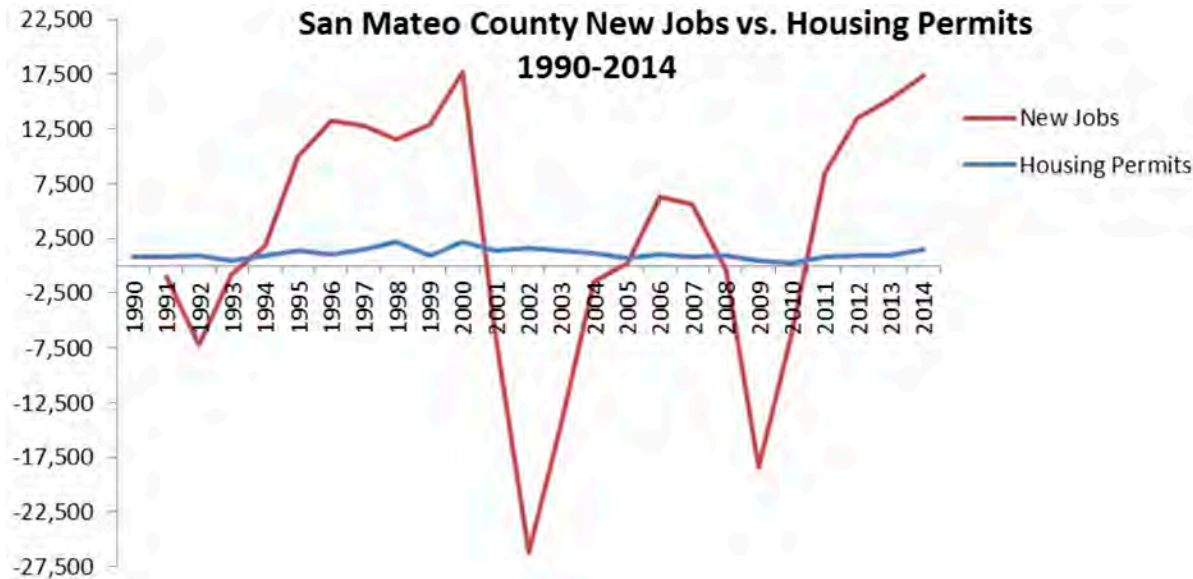
Source: United States Department of Labor, Bureau of Labor Statistics, May 2015 http://www.bls.gov/oes/current/oes_41884.htm#13-0000. Rents based on surveys conducted four times per year by Real Answers (formerly RealFacts). “Asked for” rents in developments of 50 or more units. HUD/HCD Income Limits are for 2016.

Wages **BELOW** what is needed for a two-bedroom apartment at HUD Fair Market Rent (2016) — **\$2,289/month rent**

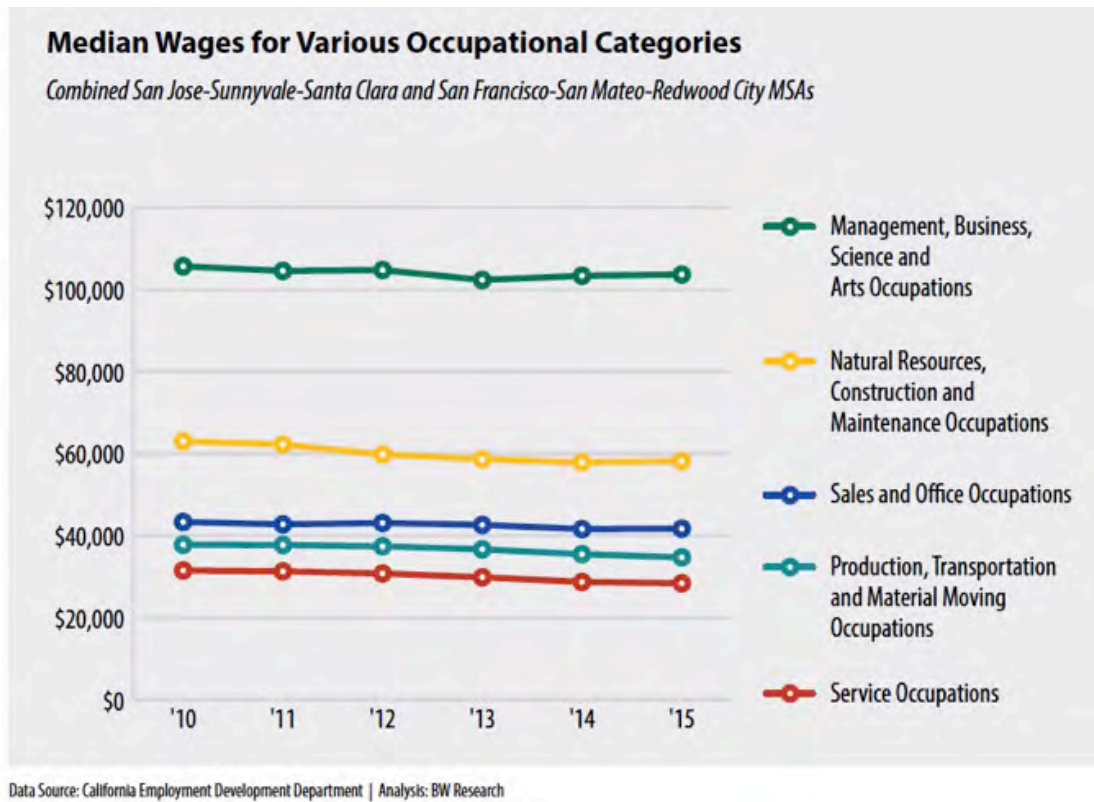
Wages **ABOVE** what is needed for a two-bedroom apartment at HUD Fair Market Rent (2016) — **\$2,289/month rent**

The ratio of roughly **TWO (2) higher paying jobs** for every **THREE (3) lower paying jobs** is expected to continue through the foreseeable future. Over the 2010-2040 planning horizon for Plan Bay Area, it is projected that an additional 50,000 housing units will be built in San Mateo County, with many of these housing units affordable only to above moderate income households, and almost 100,000 jobs will be created.

The graph below shows trends in jobs and housing in San Mateo County between 1990 and 2014, illustrating the recent increase in jobs compared to housing production.



According to the 2016 Silicon Valley Index, income and wages in Silicon Valley remain significantly higher than in the state or nation as a whole. A variety of income measures show continued gains, outpacing inflation. Between 2013 and 2014, per capita income increased by 1.9% to \$79,108 — rising for all racial and ethnic groups — and median household income increased by 4.4% to \$98,535. This trend continued into 2015, with an average wage increase of 5.6% since 2014 (reaching \$110,634). While income levels rose, poverty rates — which fell to 8.1% in Santa Clara and San Mateo Counties in 2014 — declined. The 2014 poverty rate in Silicon Valley, particularly the childhood poverty rate (8.9%), was much lower than in San Francisco, the entire state of California and the United States as a whole.



In San Mateo County, as of June 2015 (according to the U.S. Department of Labor, Bureau of Labor Statistics), there were 351,959 people employed in jobs located in San Mateo County. Of those, 61%, or 214,479 people, were employed in jobs earning less than \$70,000 per year. Over the next 25 years, San Mateo County is projected to add close to 95,000 new jobs. As stated earlier, the ratio of 2 higher paying jobs for every 3 lower paying jobs is expected to continue through the foreseeable future.

How Much Are Rents Increasing?

Summary of Rental Information and Analysis

The table on the next page summarizes rents from various sources by housing type and the annual percentage increase over the last five years. (Please see Appendices J and K, which provide rent trends information for San Mateo County and cities, as well as national trends affecting San Mateo County's housing conditions).

Summary Comparison of Rental Information for San Mateo County as a Whole (see tables in report)

Information/Data Summarized	2011 (5-Years)	2012	2013	2014	2015	2016	Change Over Timeframe	
							5-Year Increase	Compounded Annual Percentage Increase
Rental Amounts								
Real Answers 2016 Average "Asked for" Rent**	\$1,830	\$2,093	\$2,285	\$2,496	\$2,786	\$2,892	58.0%	9.6%
Zillow 2016 Median Rent for All Rental Units Located in San Mateo County	\$2,900	\$2,690	\$3,350	\$3,700	\$3,950	\$3,750	29.3%	5.3%
Zillow 2016 Median "Asked for" All Multi-Family Developments of 5 or More Units in San Mateo County	\$1,930	\$2,168	\$2,400	\$2,700	\$3,000	\$2,800	45.1%	7.7%
Zillow 2016 Median "Listed" Rents for Duplexes and Triplexes Located in San Mateo County (3 years of data)	n/a	n/a	\$2,381	\$2,750	\$3,018	\$2,795	17.4%	5.5%
Comparison of Rental Amounts By Number of Bedrooms (2016)								
	Studio	1-BR	2-BR	3-BR				
Real Answers 2016 Average "Asked for" Rent by bedroom number**	\$2,035	\$2,617	\$2,960	\$4,410				
Zillow 2016 Median "Listed" Rents by bedroom number in San Mateo County as a whole	\$2,142	\$2,509	\$3,226	\$3,900				
San Mateo County Association of Realtors (SAMCAR) — 2016 Rental Data on 400 Rental Units Located in Northern San Mateo County	\$1,250	\$1,434	\$1,882	n/a				
California Apartmenty Association — Third quarter 2015 Rental Data from informal survey of San Mateo CAA members	n/a	\$1,760	\$2,350	n/a				
HUD Fair Market Rents (FY 2017) for San Mateo County	\$1,915	\$2,411	\$3,018	\$3,927				

** Real Answers conducts a quarterly survey of 121 properties with 50+ units/property, which accounts for 24,041 units (23% of all rental units) out of a total supply of about 105,500 rental units in San Mateo County)

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Sources: RealAnswers, December, 2016; Zillow, December, 2016; SAMCAR, March, 2016; CAA, March, 2016; HUD User, December 2016

Real Facts (Real Answers) Rental Information

Real Facts (Real Answers) quarterly surveys "asked for" rents in developments of 50 or more units throughout the country (<http://www.realanswers.biz/>). In San Mateo County, 121 developments of 50 or more units are surveyed quarterly by Real Answers. These developments represent a total of 24,041 rental units, which is about one-third of the approximately 72,600 rental units located in multi-family buildings of 2 or more units located in San Mateo County. The size of the developments surveyed (50+ unit developments) can tend to benefit from economies of scale related to maintenance and other ongoing costs. In addition, these larger developments tend to have more amenities than smaller rental developments. Thus, it is assumed that the Real Facts rents are higher than rents in smaller developments and the rents people are currently paying.

According to Real Answers, over the past five years the average “asked for” rent in San Mateo County has increased from \$1,830 per month to \$2,892 per month (about a 58% increase over five years, or 9.6% increase compounded yearly). Even though Real Answers uses “asked for” rents, the percentage increases are useful since they are based on actual quarterly survey results of rental units in San Mateo County. Real Answers rent information for San Mateo County as a whole is shown below.

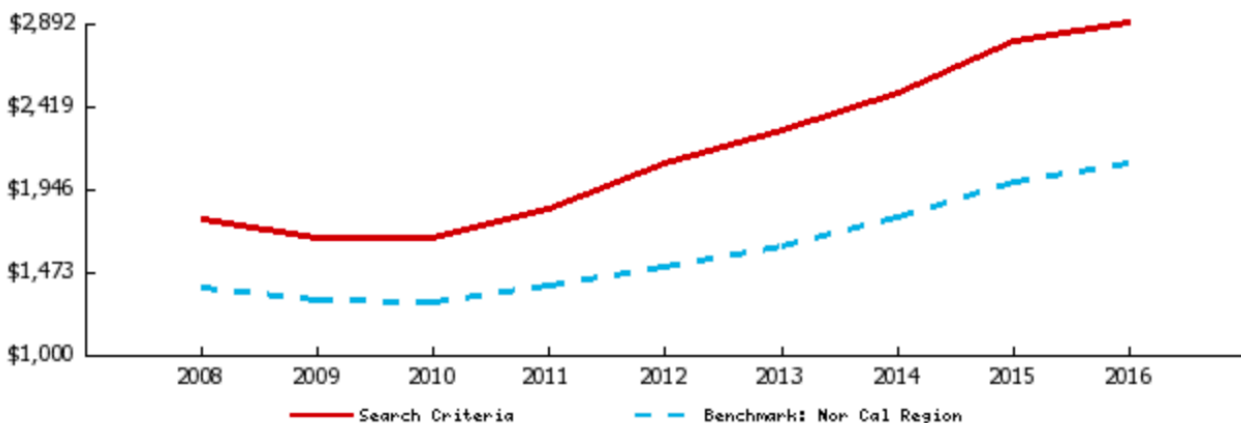
San Mateo County Average “Asked For” Rent From 2008 to 2016

Size of Housing Unit	2008 (8-Years)	2009	2010	2011 (5-Years)	2012	2013	2014	2015	2016	5-Year Change		8-Year Change	
										5-Year Percent Increase	Average Annual Percent Increase Over Last 5 Years	8-Year Percent Increase	Average Annual Percent Increase Over Last 8 Years
AVERAGE	\$1,772	\$1,661	\$1,664	\$1,830	\$2,093	\$2,285	\$2,496	\$2,786	\$2,892	58.0%	9.6%	63.2%	6.3%
Studio	\$1,138	\$1,095	\$1,090	\$1,190	\$1,363	\$1,508	\$1,684	\$1,939	\$2,035	71.0%	11.3%	78.8%	7.5%
1bd 1bth	\$1,580	\$1,479	\$1,487	\$1,644	\$1,882	\$2,054	\$2,266	\$2,519	\$2,617	59.2%	9.7%	65.6%	6.5%
2bd 1bth	\$1,821	\$1,677	\$1,675	\$1,851	\$2,148	\$2,337	\$2,532	\$2,810	\$2,960	59.9%	9.8%	62.5%	6.3%
2bd 2bth	\$2,227	\$2,090	\$2,090	\$2,287	\$2,576	\$2,797	\$2,995	\$3,350	\$3,441	50.5%	8.5%	54.5%	5.6%
2bd TH	\$1,989	\$1,871	\$1,824	\$2,017	\$2,312	\$2,471	\$2,691	\$2,980	\$3,128	55.1%	9.2%	57.3%	5.8%
3bd 2bth	\$2,791	\$2,592	\$2,604	\$2,797	\$3,151	\$3,454	\$3,734	\$4,168	\$4,410	57.7%	9.5%	58.0%	5.9%
3bd TH	\$2,243	\$2,115	\$2,126	\$2,363	\$2,499	\$2,968	\$3,251	\$3,500	\$3,632	53.7%	9.0%	61.9%	6.2%

Source: Rental survey conducted quarterly by Real Answers (formerly RealFacts). “Asked for” rents in developments of 50 or more units.

Graphs illustrating rent increases using Real Answers’ quarterly survey results are included in Appendix J, along with more specific rental information for various cities in San Mateo County, when the data are available. Real Answers trends in rents in San Mateo County compared to the Northern California Region are illustrated in the graph below.

**Real Answers Trends in Rents in San Mateo County
And the Northern California Region (2008-2016)**



Zillow Rental Information

Zillow is another source of rental information used in this report. Zillow provides the median rent for various types of rental units as listed on the Zillow website/app. The table below shows Zillow **estimates of current median rents** in San Mateo County as a whole based on data available on the Zillow website. The link to the Zillow rental data is — <http://www.zillow.com/research/data/#rental-data>

Zillow Estimate of Current Median Rents Across All Housing in San Mateo County (2011-2016)

							Change Over Timeframe	
Types of Rental Units	2011 (5-Years)	2012	2013	2014	2015	2016	5-Year Increase	Average Annual Increase Over 5-Years
San Mateo Countywide Estimate of Median Rents That Could Be Charged Across All Housing Units								
All Single Family, Condominiums / Cooperatives and Multi-Family Rentals	\$2,619	\$2,773	\$2,812	\$2,997	\$3,503	\$3,918	49.6%	8.4%
All Multi-Family Developments of 2 or More Units	\$2,122	\$2,213	\$2,261	\$2,497	\$2,881	\$3,263	53.8%	9.0%
All Single Family Detached and Condominiums / Cooperatives	\$2,594	\$2,845	\$2,894	\$3,058	\$3,597	\$4,003	54.3%	9.1%

Source: <http://www.zillow.com/research/data/> The Zillow estimate (Zestimate) is the median of the estimated rent price for all homes and apartments in a given geographical area (in this case, San Mateo County as a whole). The amounts show what current housing throughout a geographic area could rent for at a given point in time. The analysis is based on Zillow's current listings as applied to all housing in an area, taking into account the distribution of housing by type, age of housing, linkages with Zillow's sales housing model and other proprietary information and modelling. Please note the dates above show estimated median rents in January of that year.

The table on the next page shows Zillow's **median listed ("asked for") rents** for multi-family apartments of five or more units compared to other types of rental units. According to Zillow, over the past four years in the City of San Mateo, since 2011, the median rent for multi-family housing (5+ units) has increased 31.1%, or 7.0% compounded annually.

Median Listed ("Asked For") Rents on Zillow in San Mateo County (2011-2016)

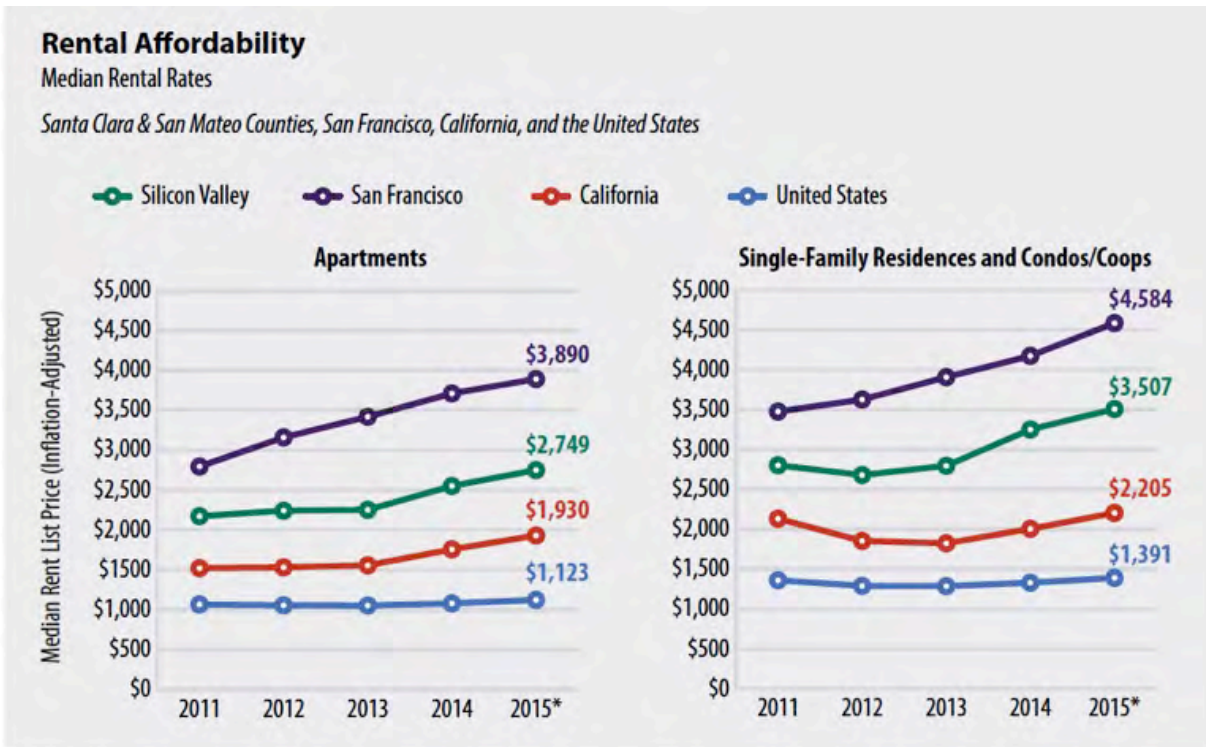
Types of Rental Units							Change Over Timeframe	
	2011 (5-Years)	2012 (4-Years)	2013 (3-Years)	2014 (2-Years)	2015 (1-Year)	2016	Timeframe Percentage Increase	Average Annual Percentage Increase Over Timeframe
All Rental Units in San Mateo County	\$2,900	\$2,690	\$3,350	\$3,700	\$3,950	\$3,750	29.3%	5.9%
Multi-Family Developments of 5 or More Units	\$1,930	\$2,168	\$2,400	\$2,700	\$3,000	\$2,800	45.1%	9.0%
Single Family Detached	\$3,000	\$2,750	\$3,500	\$4,200	\$4,295	\$3,995	33.2%	6.6%
Duplexes and Triplexes (3 years of comparative rental data)	n/a	n/a	\$2,381	\$2,750	\$3,018	\$2,795	17.4%	5.8%
Condominiums/Cooperatives (4 years of comparative rental data)	n/a	\$2,300	\$2,775	\$2,713	\$3,200	\$3,200	39.1%	9.8%
Studio Units (4 years of comparative rental data)	n/a	\$1,510	\$1,710	\$1,899	\$2,278	\$2,142	41.9%	10.5%
1-Bedroom Units	\$1,675	\$1,895	\$2,030	\$2,375	\$2,693	\$2,509	49.8%	10.0%
2-Bedroom Units	\$2,350	\$2,525	\$2,766	\$3,087	\$3,397	\$3,226	37.3%	7.5%
3-Bedroom Units	\$2,900	\$3,425	\$3,400	\$4,000	\$4,200	\$3,900	34.5%	6.9%
4-Bedroom Units (1 year of comparative rental data)	n/a	n/a	n/a	n/a	\$4,995	\$4,900	-1.9%	-1.9%

Source: <http://www.zillow.com/research/data/> The Zillow estimate (Zestimate) is the median of the estimated rent price for all homes and apartments in a given geographical area (in this case, San Mateo County as a whole). The amounts show what current housing throughout a geographic area could rent for at a given point in time. The analysis is based on Zillow's current listings as applied to all housing in an area, taking into account the distribution of housing by type, age of housing, linkages with Zillow's sales housing model and other proprietary information and modelling. (Please note the dates above show estimated median rents in January of the following year; 2016 is through October 2016)

Other Sources of Rental Information

Rental information is also available through the U.S. Census Bureau, American Community Survey (ACS) 1-Year estimates for the City of San Mateo, which supplements the 10-year census with continuous social, economic, housing and demographic data, with about 1 in 38 households being surveyed. According to the 1-Year ACS, the median rent in San Mateo increased from \$1,414 in 2007 to \$1,826 in 2014 (a 23% increase over 8 years, or 3.2% per year). These figures are less than the "asked for" rents as described above since they reflect the actual rents being paid by residents in place rather than just those who are seeking new housing. This takes into account those tenants who have been in place for various lengths of time and who have not experienced as dramatic rent increases as vacant units coming on the market at this time.

The San Mateo County Association of Realtors (SAMCAR) provided the Task Force with current rents for a random set of 400 rental units located in northern San Mateo County. The SAMCAR data show current average monthly rents for these 400 units being \$1,250 for a studio unit, \$1,434 for a 1-bedroom unit and \$1,882 for a 2-bedroom unit. In addition, informal rental data from City of San Mateo members of the California Apartment Association (provided by CAA), third quarter of 2015, show current average monthly rents being \$1,760 for a 1-bedroom unit and \$2,350 for a 2-bedroom unit.



*Based on Q1-3. | Note: Median Apartment Rental Rates include multifamily complexes with more than five units. | Data Sources: Zillow Real Estate Research | Analysis: Silicon Valley Institute for Regional Studies

How Much Can Renters Afford to Pay for Housing?

The table below illustrates the ability of various size households at various income levels (as defined by HUD) to pay for market rate rental housing in San Mateo County.

Estimate of the Ability to Pay for Rental Housing in San Mateo County (2016)

Household Size and Income Category	Annual Income	Monthly Income	Affordable Rent @ 30% of Monthly Income*	Expected Unit Size	Median Listed Rent on Zillow (2016)	"Gap" Between Market Rent and the Ability to Pay
Single Person Household (Studio Unit)						
High End Extremely Low Income	\$25,850	\$2,154	\$646	Studio	\$2,142	-\$1,496
High End Very Low Income	\$43,050	\$3,588	\$1,076	Studio	\$2,142	-\$1,066
High End Low Income	\$68,950	\$5,746	\$1,724	Studio	\$2,142	-\$418
Median Income	\$75,400	\$6,283	\$1,885	Studio	\$2,142	-\$257
High End Moderate Income	\$90,500	\$7,542	\$2,263	Studio	\$2,142	\$121
Single Person Household (1-Bedroom Unit)						
High End Extremely Low Income	\$25,850	\$2,154	\$646	1-BR	\$2,509	-\$1,863
High End Very Low Income	\$43,050	\$3,588	\$1,076	1-BR	\$2,509	-\$1,433
High End Low Income	\$68,950	\$5,746	\$1,724	1-BR	\$2,509	-\$785
Median Income	\$75,400	\$6,283	\$1,885	1-BR	\$2,509	-\$624
High End Moderate Income	\$90,500	\$7,542	\$2,263	1-BR	\$2,509	-\$247
Two Person Household (1-Bedroom Unit)						
High End Extremely Low Income	\$29,550	\$2,463	\$739	1-BR	\$2,509	-\$1,770
High End Very Low Income	\$49,200	\$4,100	\$1,230	1-BR	\$2,509	-\$1,279
High End Low Income	\$78,800	\$6,567	\$1,970	1-BR	\$2,509	-\$539
Median Income	\$86,150	\$7,179	\$2,154	1-BR	\$2,509	-\$355
High End Moderate Income	\$103,400	\$8,617	\$2,585	1-BR	\$2,509	\$76
Two Person Household (2-Bedroom Unit)						
High End Extremely Low Income	\$29,550	\$2,463	\$739	2-BR	\$3,226	-\$2,487
High End Very Low Income	\$49,200	\$4,100	\$1,230	2-BR	\$3,226	-\$1,996
High End Low Income	\$78,800	\$6,567	\$1,970	2-BR	\$3,226	-\$1,256
Median Income	\$86,150	\$7,179	\$2,154	2-BR	\$3,226	-\$1,072
High End Moderate Income	\$103,400	\$8,617	\$2,585	2-BR	\$3,226	-\$641
Four Person Household (3-Bedroom Unit)						
High End Extremely Low Income	\$36,900	\$3,075	\$923	3-BR	\$3,900	-\$2,978
High End Very Low Income	\$61,500	\$5,125	\$1,538	3-BR	\$3,900	-\$2,363
High End Low Income	\$98,500	\$8,208	\$2,463	3-BR	\$3,900	-\$1,438
Median Income	\$107,700	\$8,975	\$2,693	3-BR	\$3,900	-\$1,208
High End Moderate Income	\$129,250	\$10,771	\$3,231	3-BR	\$3,900	-\$669

*30% of income is a common standard used by government agencies to determine the maximum affordable rent for a household. For lower income households, this percentage of income is used because there is a limited amount of income available for other necessary expenses, such as food, healthcare, travel, etc.

Source: Income is based on the 2016 Income Limits from the San Mateo County Department of Housing — <http://housing.smcgov.org/income-and-rent-limits> — rents are from <http://www.zillow.com/research/data/> — The Zillow estimate (Zestimate) is the median of the estimated rent price for all homes and apartments in a given geographical area (in this case, San Mateo County as a whole). The amounts show what current housing throughout a geographic area could rent for at a given point in time. The analysis is based on Zillow's current listings as applied to all housing in an area, taking into account the distribution of housing by type, age of housing, linkages with Zillow's sales housing model and other proprietary information and modelling. (Please note the dates above show estimated median rents in January of the following year; 2016 is through October 2016)

As can be seen in the table, the most significantly impacted households are those earning less than 80% of median household income, considered "lower income."

The table below illustrates the additional costs associated with various rent increases over a five-year period. Over the past five years, market rate rents on average and for multi-family housing have gone up about 9% per year.

Illustration of a 5%, 8% and 10% Annual Increase in Rent Over 5 Years

(Using Zillow Median Rent in 2011 as Starting Rent)

Year and Timeframe	Rent Required with 5% Annual Increase		Rent Required with 8% Annual Increase		Rent Required with 10% Annual Increase	
	Monthly	Annually	Monthly	Annually	Monthly	Annually
Starting Year Rent	\$1,675	\$20,100	\$1,675	\$20,100	\$1,675	\$20,100
After 1 Year	\$1,759	\$21,105	\$1,809	\$21,708	\$1,843	\$22,110
After 2 Years	\$1,847	\$22,160	\$1,954	\$23,445	\$2,027	\$24,321
After 3 Years	\$1,939	\$23,268	\$2,110	\$25,320	\$2,229	\$26,753
After 4 Years	\$2,036	\$24,432	\$2,279	\$27,346	\$2,452	\$29,428
After 5 Years	\$2,138	\$25,653	\$2,461	\$29,533	\$2,698	\$32,371
Total Increase After 5 Years (Monthly and Annually)	+\$463	+\$5,553	+\$786	+\$9,433	+\$1,023	+\$12,271

Source: Using Zillow median rent for a 1-bedroom rental in San Mateo County in 2011 (\$1,675/month; \$20,100 annually) as the starting year rent. Zillow rent for a 1-bedroom unit in 2016 was \$2,509 (a 10% increase over 5 years)

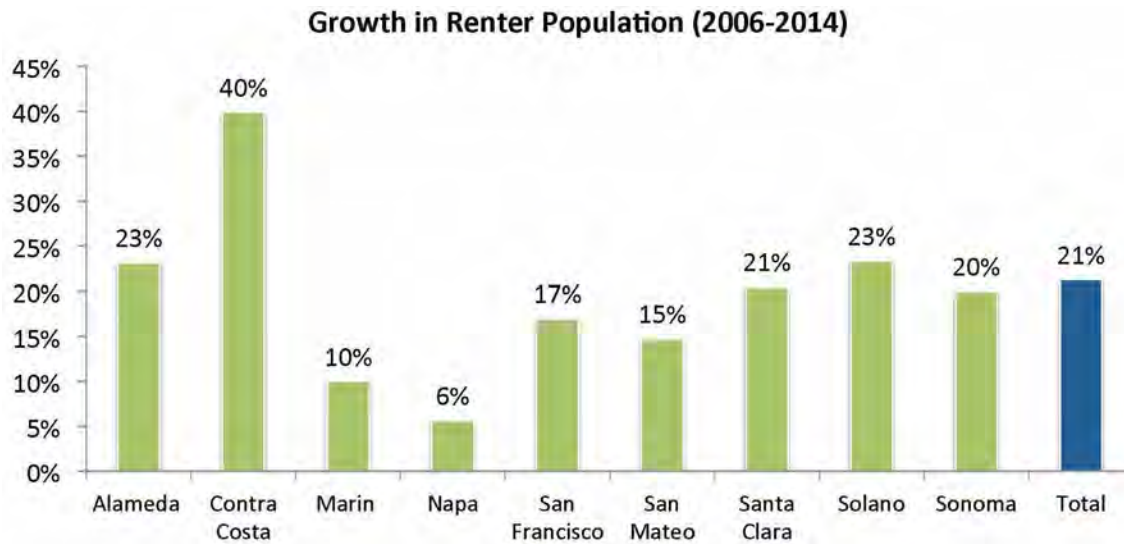
Who Lives in Rental Housing?

General Characteristics of Renter Households

In general, the following conclusions can be reached about renter households in San Mateo County: (a) renter households, on average, have lower incomes than homeowners; (b) rent increases disproportionately hit lower income households in San Mateo County because there is less income available for other necessary expenses, such as food, health care, transportation, etc.; (c) Latino and African American households in San Mateo County have lower incomes, on average, than the population overall; and, (d) Latino and African American households in the county are disproportionately likely to be renters.

Renter households, on average, have lower incomes than homeowners. The median household income for renters is \$64,445 while the median household income for owner households is \$117,700. In 2015, there were an estimated 105,361 renter households in San Mateo County, with an estimated 58% of all renter households considered lower income. The graph below shows the growth in renter population in the Bay Area from 2006 through 2014.⁹

⁹ 2014 American Community Survey

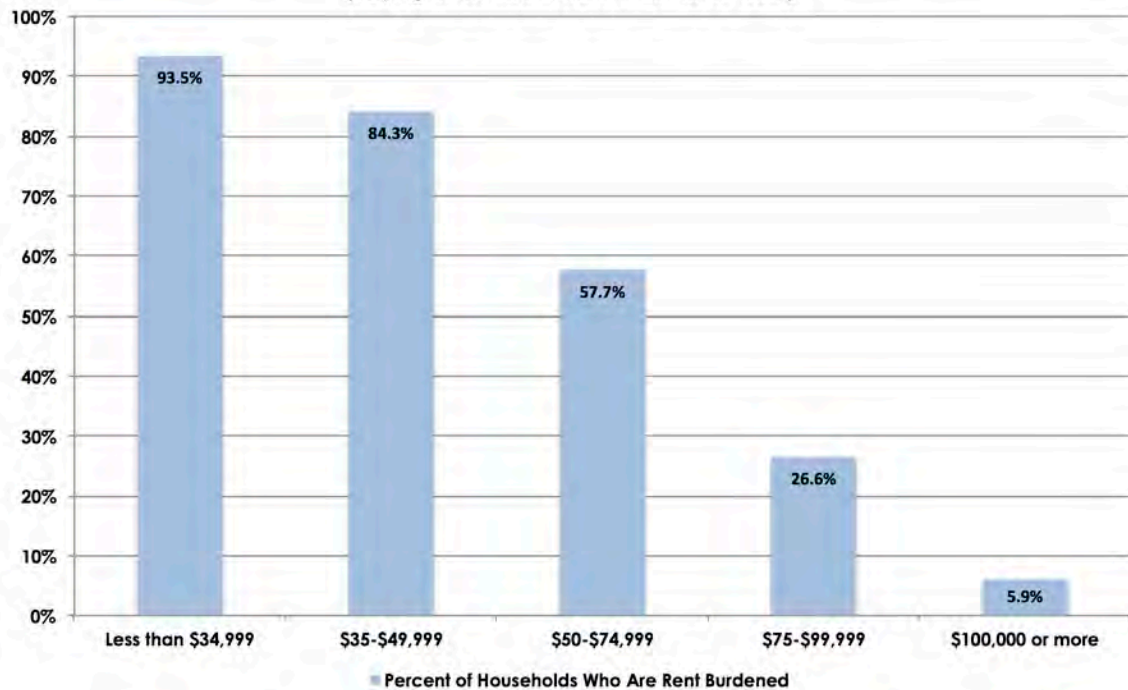


Renters by Income

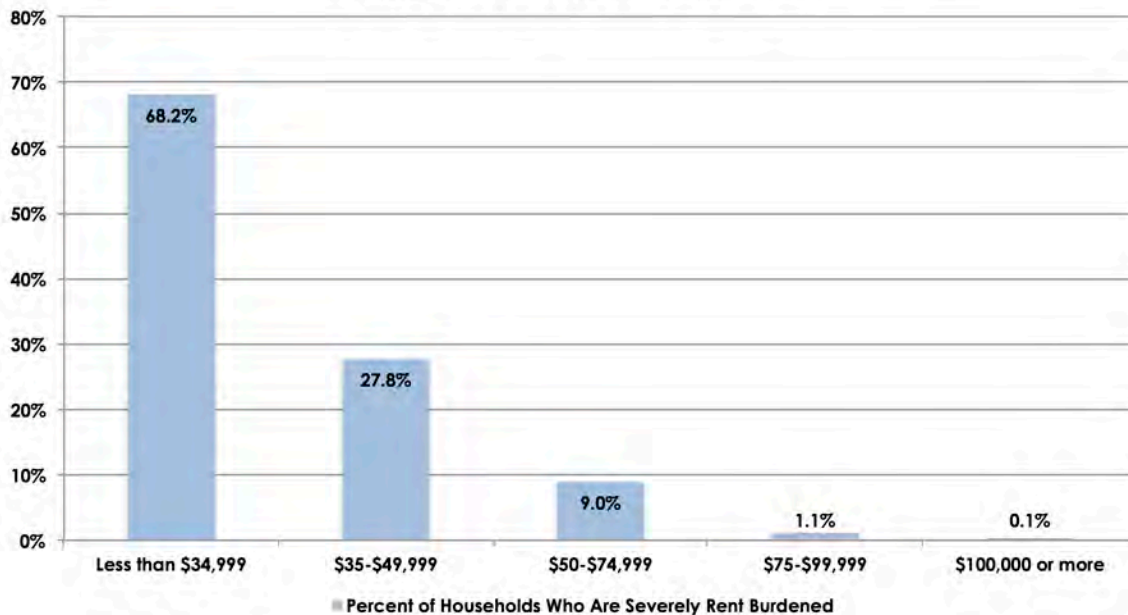
Rent increases disproportionately hit lower income households in San Mateo County. More than half of San Mateo households earning \$75,000 or less per year (roughly the cutoff for a household to be considered lower income) are considered “rent burdened” (i.e. they pay more than 30% of income to rent). The graphs below show rent burdened households (renters paying 30% or more on rent) and severely rent burdened households (renters paying 50% or more on rent) in 2015.¹⁰

¹⁰ 2015 American Community Survey

Percent of Renter Households in 2015 by Income Category Who Are Rent Burdened in San Mateo County
(Paying more than 30% of Income on Rent)



Percent of Renter Households in 2015 by Income Category Who Are Severely Rent Burdened in San Mateo County
(Paying more than 50% of Income on Rent)

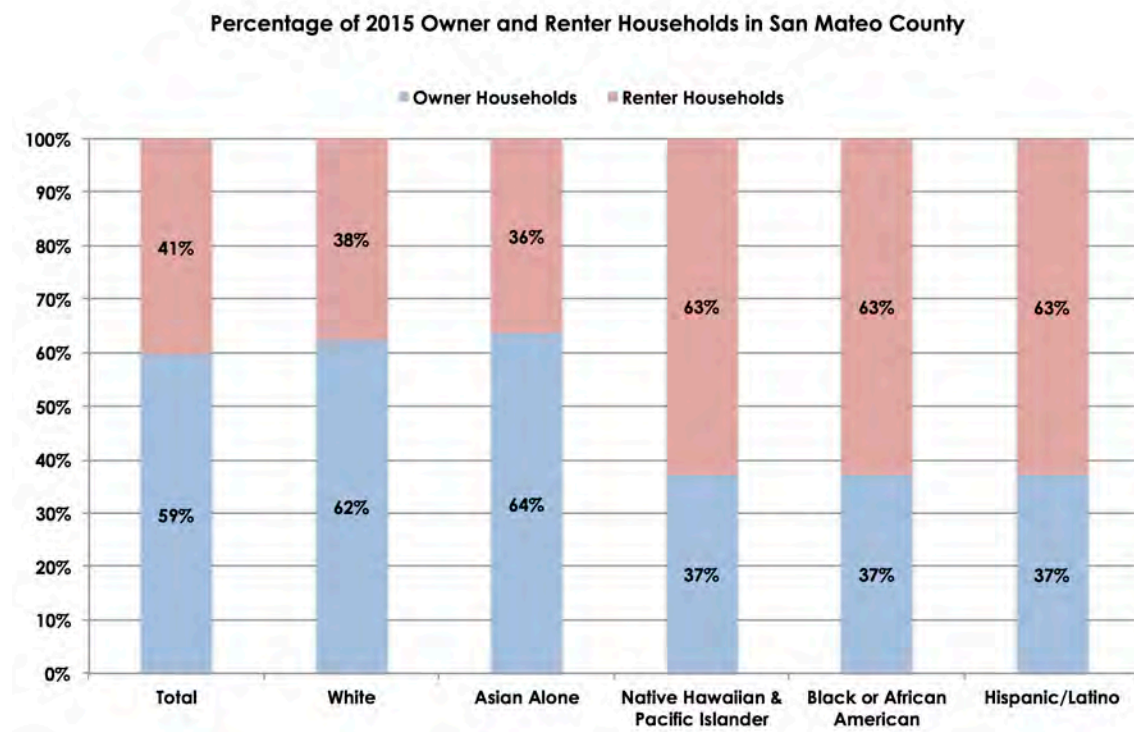


Renters by Ethnicity

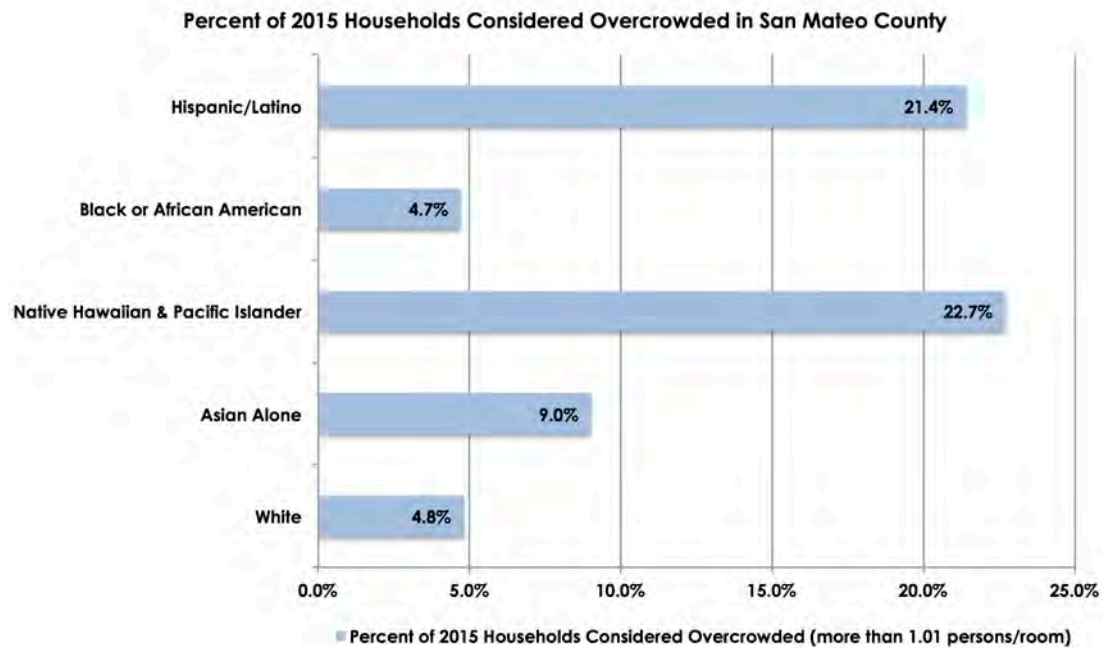
Latino and African American households in San Mateo County have lower incomes, on average, than the population overall. While median household income in San Mateo

overall in 2014 was \$100,806, the median household income was substantially lower for Latino and African American households (\$71,393 for Latinos and \$65,000 for African Americans). Lower income renters are disproportionately likely to be Latino or African American — and they are particularly vulnerable to displacement from excessive rent increases due to generally lower household income.

Latino and African American households in San Mateo are disproportionately likely to be renters. While about 41% of San Mateo County households rent overall, approximately 63% of Latino and African American households in San Mateo County are renters. This is shown in the graph below.



Overcrowding is also a significant issue for renters, especially for Latino households and households of Native Hawaiian and Pacific Islander decent, with overcrowded households (more than 1.0 person per room as defined in the U.S. Census) accounting for 21.4% and 22.7% of all renter Latino and Native Hawaiian and Pacific Islander decent households. The graph below illustrates overcrowding in San Mateo County based on the 2015 American Community Survey.



How Much Have Sales Prices Increased?

As shown in the table below, over the past eight (8) years, since 2008, the median price of a single-family home in San Mateo County has increased from \$795,000 to \$1,300,000 (about a 66% increase, or 6.3% per year). Common interest developments have increased at a lesser rate over the past eight (8) years, with the median price increasing from \$503,500 in 2008 to \$750,000 in the last quarter of 2016 (a 49% increase and about a 5.1% increase per year).

County of San Mateo Median Home Sale Prices From 2008 Through the Third Quarter of 2016

Type of Housing Unit	2008 (8-Years)	2009	2010	2011 (5-Years)	2012	2013	2014	2015	2016	5-Year Change		8-Year Change	
										5-Year Increase	Average Annual Increase Over Last 5 Years	8-Year Increase	Average Annual Increase Over Last 8 Years
Single Family Residential	\$795,000	\$678,750	\$934,680	\$685,000	\$736,000	\$912,000	\$1,050,000	\$1,250,000	\$1,300,000	89.78%	13.7%	63.5%	6.3%
Common Interest Development	\$503,500	\$430,000	\$410,000	\$365,000	\$409,000	\$540,000	\$612,250	\$702,000	\$750,000	105.48%	15.5%	49.0%	5.1%

Source: San Mateo County Association of Realtors (SAMCAR) with data collected and compiled by MLSListings, Inc.; <https://www.samcar.org/market-data.htm>

The table below illustrates the ability of San Mateo County households to afford to purchase a home.

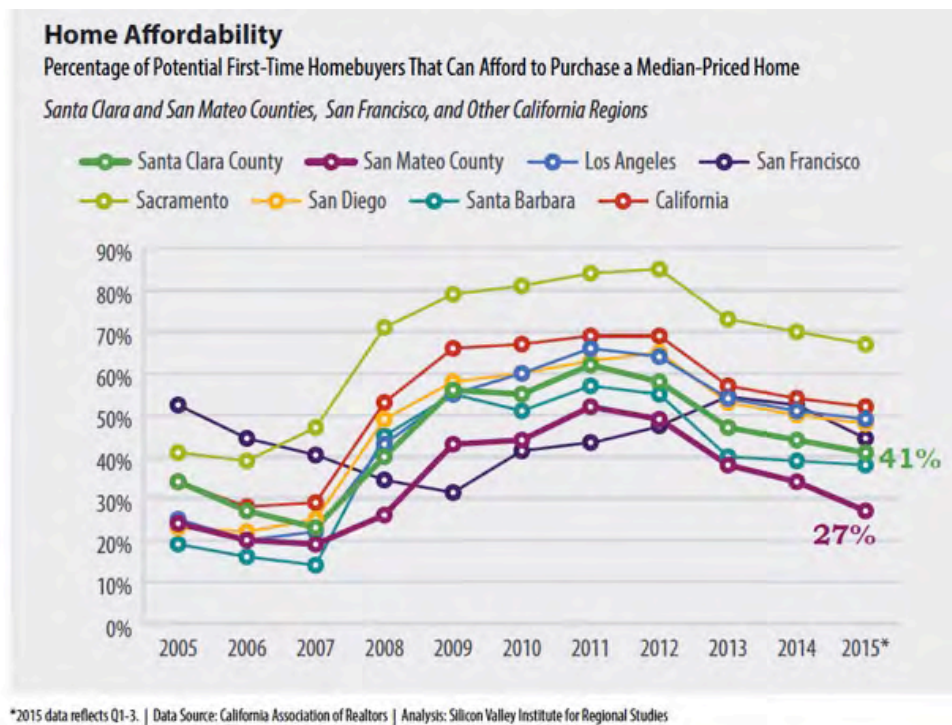
Estimate of the Ability to Pay for Sales Housing in San Mateo County (2016)

Household Size and Income Category	San Mateo County Annual Income Limit (2016)	Monthly Income	Maximum Affordable Home Price*	Median Priced Detached Single Family Home in San Mateo County (2016)	Gap Between Maximum Affordable Home Price and Median Sales Price for a Detached Single Family Home (2016)	Median Priced Common Interest Development Home in San Mateo County (2016)	Gap Between Maximum Affordable Home Price and Median Sales Price for a Common Interest Development Home
Single Person Household							
High End Extremely Low Income	\$25,850	\$2,154	\$99,415	\$1,300,000	-\$1,200,585	\$750,000	-\$650,585
High End Very Low Income	\$43,050	\$3,588	\$165,204	\$1,300,000	-\$1,134,796	\$750,000	-\$584,796
High End Low Income	\$68,950	\$5,746	\$264,619	\$1,300,000	-\$1,035,381	\$750,000	-\$485,381
Median Income	\$75,400	\$6,283	\$306,785	\$1,300,000	-\$993,215	\$750,000	-\$443,215
High End Moderate Income	\$90,500	\$7,542	\$367,847	\$1,300,000	-\$932,153	\$750,000	-\$382,153
Two Person Household							
High End Extremely Low Income	\$29,550	\$2,463	\$113,446	\$1,300,000	-\$1,186,554	\$750,000	-\$636,554
High End Very Low Income	\$49,200	\$4,100	\$204,467	\$1,300,000	-\$1,095,533	\$750,000	-\$545,533
High End Low Income	\$78,800	\$6,567	\$302,239	\$1,300,000	-\$997,761	\$750,000	-\$447,761
Median Income	\$86,150	\$7,179	\$350,399	\$1,300,000	-\$949,601	\$750,000	-\$399,601
High End Moderate Income	\$103,400	\$8,617	\$420,774	\$1,300,000	-\$879,226	\$750,000	-\$329,226
Four Person Household							
High End Extremely Low Income	\$36,900	\$3,075	\$141,614	\$1,300,000	-\$1,158,386	\$750,000	-\$608,386
High End Very Low Income	\$61,500	\$5,125	\$236,159	\$1,300,000	-\$1,063,841	\$750,000	-\$513,841
High End Low Income	\$98,500	\$8,208	\$378,032	\$1,300,000	-\$921,968	\$750,000	-\$371,968
Median Income	\$107,700	\$8,975	\$474,237	\$1,300,000	-\$825,763	\$750,000	-\$275,763
High End Moderate Income	\$129,250	\$10,771	\$526,340	\$1,300,000	-\$773,660	\$750,000	-\$223,660

*Based on the following assumptions: 4.0% interest rate; 30-year fixed loan; 20% downpayment; 1% property tax; and no additional monthly payments.

Source: Income is based on the 2016 Income Limits from the San Mateo County Department of Housing — <http://housing.smcgov.org/income-and-rent-limits> — home prices are for the Third Quarter of 2016 from the San Mateo County Association of Realtors — <https://www.samcar.org/market-data.htm>

The graph below shows potential first-time homebuyers that can afford to purchase a median priced home in Santa Clara and San Mateo Counties.



How Much Displacement is Occurring?

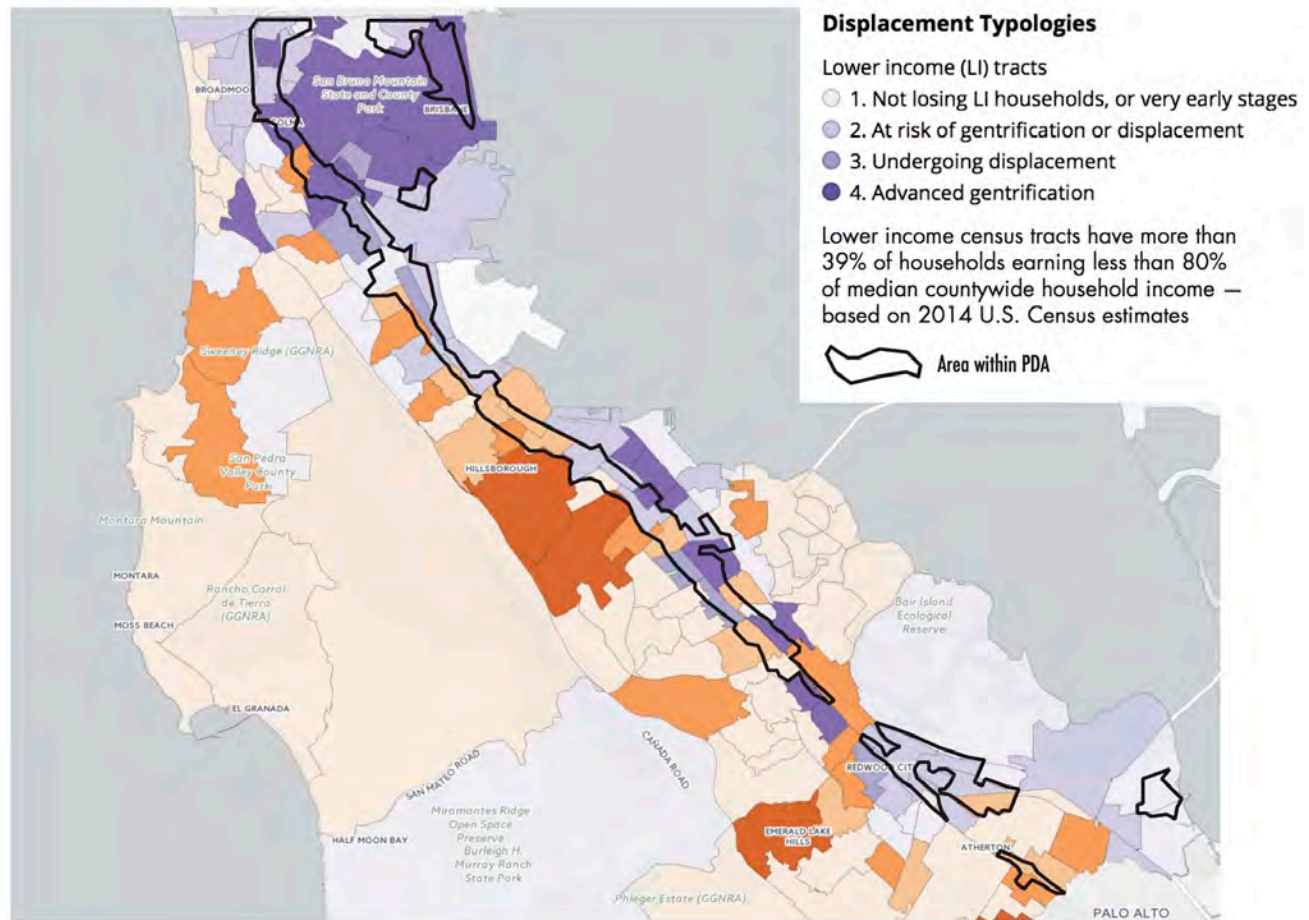
It is difficult, if not impossible, to obtain accurate data on the extent of displacement that is occurring in San Mateo County. Indicators of the potential for displacement, such as the relationship between housing prices, rents, jobs and salaries provide a picture of the potential for displacement in the community. The only regional comprehensive study is currently being conducted by U.C. Berkeley and is known as the Urban Displacement Project.¹¹

The map below shows lower income housing census tracts with displacement occurring based on the Urban Displacement Project methodology and classification system (purple shades). The black line shows areas within the County's designated Priority Development Areas (PDAs).¹²

¹¹ The Urban Displacement Project is a research and action initiative of UC Berkeley in collaboration with researchers at UCLA, community based organizations, regional planning agencies and the State of California's Air Resources Board to understand the nature of gentrification and displacement in the Bay Area.

¹² PDAs are where much of the new infrastructure, commercial and residential development is planned and expected to occur. The intent is to link land development, jobs and housing with each other close to transit opportunities will exist.

Mapping of Urban Displacement Project Data with PDA Boundaries in San Mateo County



PDA's are expected to accommodate 78 percent of new housing production (over 500,000 units) and 62 percent of employment growth (almost 700,000 jobs) in the Bay Area through the year 2040. The Urban Displacement Project concludes that the displacement occurring in San Mateo County is a significant. The study shows that 56 percent of the census tracts in San Mateo County are classified as either at risk of displacement, undergoing displacement or at an advanced stage of displacement.

What is the Age and Ownership of the County's Rental Housing Stock?

Age of the Rental Housing Stock

In general, about one-third of the rental housing stock in San Mateo County was built before 1960 and is over 55 years in age. About two-fifths of the rental housing stock in San Mateo County was built between 1960 and 1979 and is between 35 and 55 years old. Thus, almost three-quarters of the rental housing stock in San Mateo County is over 35 years in age.

Real Answers classifies the rental properties they survey quarterly as either Class A, Class B or Class C properties. Class A properties have been upgraded or built between 2006-2016; Class B properties were upgraded or built between 1995-2005; and Class C properties were upgraded or built before 1994. Most of the Real Answers properties surveyed (18,171 rental units, or about 75% of the 24,041 rental units surveyed quarterly) fall in the Class C category and were built before 1994. Real Answer's quarterly survey accounts for about 23% of all rental units in San Mateo County.

Age of Rental Properties in San Mateo County (2015)

Year Built (Age)	Real Answers Rental Properties with 50 or More Units		Age of All Rental Units Located in San Mateo County
	Number of Properties	Percent	
Pre-1960s (Older than 65 Years)	7	5.8%	32.4%
1960-1979 (35-65 Years Old)	79	65.3%	40.4%
1980-2015 (Less than 35 Years Old)	35	28.9%	27.2%
Total	121	100.0%	100.0%

Source: RealAnswers, December 2016; and, U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

The tables below compare Real Answers Class A, B and C properties. As can be seen in the tables, Class C rents are significantly below Class A and Class B property rents.

Comparison of 2016 Rents in Class A, B and C Rental Properties with 50 or More Units Located in San Mateo County

Types of Rental Units	Class A* (16 Properties comprising 3,073 units)	Class B* (10 Properties comprising 2,997 units)	Class C* (95 Properties comprising 18,171 units)	Difference Between High and Low Rents
Average Rent	\$3,477	\$3,420	\$2,714	\$763
Studio Units	\$2,856	n/a	\$1,986	\$870
1 BD / 1 BA Units	\$3,081	\$3,029	\$2,454	\$627
2 BD / 1 BA Units	\$4,190	\$3,727	\$2,926	\$1,264
2 BD / 2 BA Units	\$3,780	\$3,712	\$3,254	\$526
2 BD Townhouse Units	\$4,454	\$4,339	\$2,964	\$1,490
3 BD / 2 BA Units	\$4,826	\$4,616	\$4,230	\$596
3 BD Townhouse Units	\$4,040	n/a	\$3,602	\$438

* Total of 121 properties surveyed quarterly, comprising 24,041 rental units (23% of all rental units in San Mateo County). **Class A Properties** are properties built or significantly upgraded between 2006 and 2016; **Class B Properties** are properties built or significantly upgraded between 1995 and 2005; and, **Class C Properties** are properties built or significantly upgraded during or before 1994.

Source: Rental survey conducted quarterly by RealAnswers (formerly RealFacts). "Asked for" rents of all rental developments of 50 or more units located in San Mateo County.

Trends in Average Rents Between 2008 and 2016 in Class A, B and C Rental Properties with 50 or More Units Located in San Mateo County

Class of Property	2008 (8-Years)	2009	2010	2011 (5-Years)	2012	2013	2014	2015	2016	5-Year Change		8-Year Change	
										5-Year Percent Increase	Average Annual Percent Increase Over Last 5 Years	8-Year Percent Increase	Average Annual Percent Increase Over Last 8 Years
Average Rent All Properties* (Total of 121 Properties comprising 24,041 units)	\$1,772	\$1,661	\$1,664	\$1,830	\$2,093	\$2,285	\$2,496	\$2,786	\$2,892	58.0%	9.6%	63.2%	6.3%
Class A* (16 Properties comprising 3,073 units)	\$2,366	\$2,293	\$2,276	\$2,308	\$2,745	\$2,920	\$3,080	\$3,397	\$3,477	50.6%	8.5%	47.0%	4.9%
Class B* (10 Properties comprising 2,997 units)	\$2,369	\$2,183	\$2,232	\$2,475	\$2,733	\$2,960	\$3,073	\$3,340	\$3,420	38.2%	6.7%	44.4%	4.7%
Class C* (95 Properties comprising 18,171 units)	\$1,678	\$1,574	\$1,568	\$1,723	\$1,969	\$2,139	\$2,343	\$2,615	\$2,714	57.5%	9.5%	61.7%	6.2%

* Total of 121 properties surveyed quarterly, comprising 24,041 rental units (23% of all rental units in San Mateo County). **Class A Properties** are properties built or significantly upgraded between 2006 and 2016; **Class B Properties** are properties built or significantly upgraded between 1995 and 2005; and, **Class C Properties** are properties built or significantly upgraded during or before 1994.

Source: Rental survey conducted quarterly by RealAnswers (formerly RealFacts). "Asked for" rents of all rental developments of 50 or more units located in San Mateo County.

Sales of Rental Housing in San Mateo County

The current market conditions have created significant economic pressures for property owners and investors to increase rents. While it is acknowledged that many property owners have not levied significant rent increases at their properties, it may be only a matter of time before rents are increased or properties sold to new investors. Three primary areas of concern have been expressed during the outreach and discussions conducted as part of the 21 Element investigation: (1) market conditions that naturally create across the board rent increases that especially impact lower and moderate income renters; (2) "bad actors" raising rents and/or not maintaining properties; and, (3) rental property speculation as a result of rapidly increasing rents (high demand with limited supply).

The table and graph below were prepared by the City of San Mateo staff to show the distribution of landlords in the City of San Mateo based on type of ownership and when the rental property was purchased. As shown in the table, landlords only owning one property account for 87 percent of the 5,966 properties owned by landlords in the City of San Mateo. This illustrates there are many smaller property landlords in the city and that many rental properties (65%) are owned by landlords with a San Mateo County mailing address.

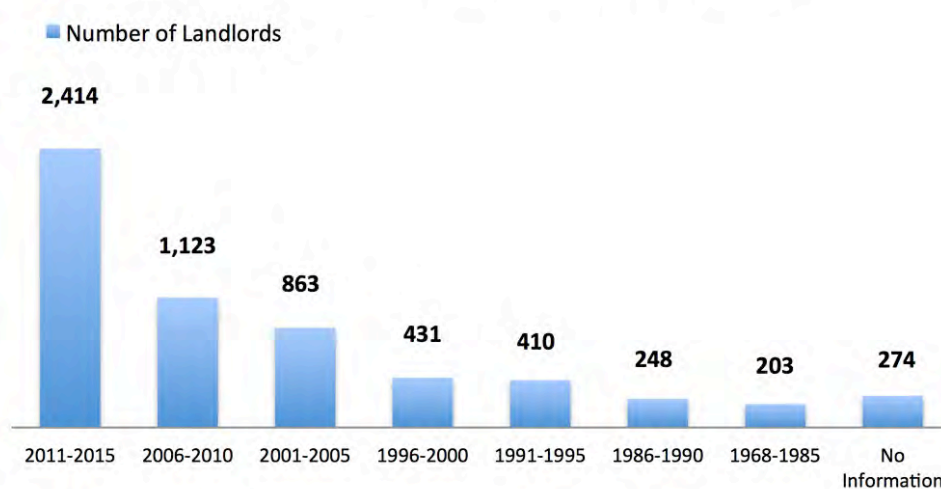
City of San Mateo Landlords

Number of Properties owned by Landlords	5,966	
Number of Property Owners	5,204	
Number of Property Owners who own more than one property	762	
Number of Property Owners as LP's and LLC's	296	6%
Number of Property Owners — Mailing Address San Mateo City	1,881	36%
Number of Property Owners — Mailing Address San Mateo County	1,975	38%

Source: City of San Mateo, March 2016

Year Landlords Purchased Properties in the City of San Mateo

(Total 5,966 Properties — Data from San Mateo County Assessor)



Source: City of San Mateo, March 2016

The graph above shows the dates of purchase of the 5,966 rental properties in five-year increments, with about 40 percent of rental properties purchased in the last five years. During the last two complete calendar years of 2014 and 2015, 179 rental properties consisting of about 930 units were sold in the City of San Mateo. Of these, there were 56 properties consisting of about 470 units that were purchased by property owners identified as corporations, Limited Liability Companies (LLC), or Limited Partnerships (LP). (An LLC can consist of an owner who is a company, family, individual or a non-profit organization)

Also demonstrating the potential for turnover in rental housing, which can create pressure and expectations for higher per unit rents, are the trends in sales of projects of 50 or more units as tracked by Real Answers. The table below shows property sales by year for newer developments less than 10 years old (Class A) and developments older than 20 years in

(Class C), with the 17 Class C property transactions, accounting for over two-thirds of the total 25 transactions, being built between 1964 and 1971.

Trends in Sales of Real Answers Class A, B and C Rental Properties with 50 or More Units Located in San Mateo County

Class of Property	2009	2010	2011	2012	2013	2014	2015	2016	Total Property Transactions Over 7 Years
Total Property Transactions	2	3	3	4	2	3	7	1	25
Class A Properties	0	2	1	1	0	1	2	1	8
Class B Properties	0	0	0	0	0	0	0	0	0
Class C Properties	2	1	2	3	2	2	5	0	17

* Total of 121 properties surveyed quarterly, comprising 24,041 rental units (23% of all rental units in San Mateo County).

Class A Properties are properties built or significantly upgraded between 2006 and 2016; **Class B Properties** are properties built or significantly upgraded between 1995 and 2005; and, **Class C Properties** are properties built or significantly upgraded during or before 1994.

Source: Rental survey conducted quarterly by RealAnswers (formerly RealFacts), 2016

What Is the Relationship of Rising Rents and Rental Subsidy Programs?

Escalating rents also impact local rental assistance programs. HUD Fair Market Rents (FMRs) establish baseline assistance under the Section 8 rental housing voucher program.¹³ Up through 2016, FMRs had not increased nearly as fast as market rate rents — see the table on the next page — (a) going from \$1,239/month for a 1-bedroom unit in 2007 to \$1,814 in 2016, or about a 46% increase over nine years, or 4.3% per year; and, (b) from \$1,551 for a 2-bedroom unit in 2007 to \$2,289 in 2016, or about a 48% increase over eight years, or 4.4% per year). Below is a summary of FMR rent trends in San Mateo County.

¹³ Fair Market Rents (FMRs) are primarily used to determine payment standard amounts for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts, to determine initial rents for housing assistance payment (HAP) contracts in the Moderate Rehabilitation Single Room Occupancy program (Mod Rehab), and to serve as a rent ceiling in the HOME rental assistance program. The U.S. Department of Housing and Urban Development (HUD) annually estimates FMRs for 530 metropolitan areas and 2,045 nonmetropolitan county FMR areas.

HUD Fair Market Rents (FMR) for the County of San Mateo From FY 2007 Through FY 2017

Size of Housing Unit	FY 2007 FMR (10 Years)	2008	2009	2010	2011	FY 2012 FMR (5 Years)	2013	2014	2015	2016	FY 2017 FMR	5-Year Change		10-Year Change	
												5-Year Increase	Average Annual Increase Over 5 Years	10-Year Increase	Average Annual Increase Over 10 Years
Efficiency	\$1,008	\$1,035	\$1,078	\$1,144	\$1,191	\$1,238	\$1,093	\$1,191	\$1,256	\$1,412	\$1,915	54.7%	9.1%	90.0%	6.6%
1 Bedroom	\$1,239	\$1,272	\$1,325	\$1,406	\$1,465	\$1,522	\$1,423	\$1,551	\$1,635	\$1,814	\$2,411	58.4%	9.6%	94.6%	6.9%
2 Bedrooms	\$1,551	\$1,592	\$1,658	\$1,760	\$1,833	\$1,905	\$1,795	\$1,956	\$2,062	\$2,289	\$3,018	58.4%	9.6%	94.6%	6.9%
3 Bedrooms	\$2,071	\$2,125	\$2,213	\$2,350	\$2,447	\$2,543	\$2,438	\$2,657	\$2,801	\$2,987	\$3,927	54.4%	9.1%	89.6%	6.6%
4 Bedrooms	\$2,188	\$2,246	\$2,339	\$2,483	\$2,586	\$2,688	\$2,948	\$3,212	\$3,386	\$3,556	\$4,829	79.7%	12.4%	120.7%	8.2%

Source: HUD Office of Policy Development and Research, December 2016 - https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017_code/2017summary.odn

The San Mateo County Department of Housing (DOH), recognizing the disparity between FMRs and current market rents, collaborated with the counties of San Francisco and Marin to undertake a study to support increased FMRs for the San Francisco, CA HUD Metro FMR Area (defined as San Francisco, Marin and San Mateo counties). As a result, HUD increased FMR's between 2016 and 2017 significantly, as shown below. In addition, this effort by DOH has made the Low Income Housing Tax Credit (LIHTC) program work better in the county.

A Comparison of FY2017 Fair Market Rents (FMR) Increases to FY2016 Fair Market Rents — and a Comparison of the Difference Between FY2017 Fair Market Rents and Zillow 2016 Median Listed Rents

2016 FMR/Month	2016 FMR/Month	Difference Between FY2017 and FY2016 FMR	2017 FMR/Month	Zillow Median Listed ("Asked For") Rents in San Mateo County (2016)	Comparing the Difference Between Zillow 2016 Median Listed Rents and FY2017 Fair Market Rents (FMR)
Studio/Efficiency	\$1,412	+\$503	\$1,915	\$2,142	(\$227)
1 Bedroom	\$1,814	+\$597	\$2,411	\$2,509	(\$98)
2 Bedroom	\$2,289	+\$729	\$3,018	\$3,226	(\$208)
3 Bedroom	\$2,987	+\$940	\$3,927	\$3,900	+\$27
4 Bedroom	\$3,556	+\$1,273	\$4,829	\$4,900	(\$71)

Source: HUD Office of Policy Development and Research, December 2016 - https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2017_code/2017summary.odn and <http://www.zillow.com/research/data/> The Zillow estimate (Zestimate) is the median of the estimated rent price for all homes and apartments in a given geographical area (in this case, San Mateo County as a whole). The amounts show what current housing throughout a geographic area could rent for at a given point in time. The analysis is based on Zillow's current listings as applied to all housing in an area, taking into account the distribution of housing by type, age of housing, linkages with Zillow's sales housing model and other proprietary information and modelling. (Please note the dates above show estimated median rents as of October 2016)

Prior to the 2017 increase in FMRs, the lower FMRs compared to high market rate rents in 2014-2016 may be one of the reasons Section 8 voucher recipients in the last several years have had a difficult time finding housing. In 2015, 425 Section 8 vouchers in San Mateo

County expired due to the difficulty of finding affordable market rate rental housing in San Mateo County. The efforts of DOH and modifications to the FMRs should have beneficial effects of the Section 8 and LIHTC programs.

Links:

<http://housing.smcgov.org/document/landlord-incentive-programs>

<http://housing.smcgov.org/waiting-list>

<https://www.smchousingwaitlist.org/landing>

Housing Authority of the County of San Mateo

Landlord "No Loss" Bonu\$



The **Landlord "No Loss Bonus"** is a daily proration of the full agreed upon contract rent from the day the Housing Authority receives the "request for tenancy approval" to the start date of the Housing Assistance Payment contract, up to one month's contract rent.

The bonus will be processed at the same time as the initial housing assistance payment on behalf of the subsidized family.

Without landlords like you, there'd be no housing program.

To learn more, go to our website at:
<http://housing.smcgov.org/landlordtenant-info>
or contact Faith Garcia at (650) 802-3337



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