

City of Sacramento

Legislation Text

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Title:

Tenant Protection Program Update and Discussion on Program Implementation and COVID-19 Tenant Protections

File ID: 2020-01547

Location: Citywide

Recommendation:

Receive and file.

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Attachments:

1-Description/Analysis

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Issue Detail: On August 13, 2019, the City Council adopted the Tenant Protection and Relief Act which protects renters from excessive rent increases and unjustified evictions and established the Tenant Protection Program (TPP). At the December 15, 2020 council meeting, Council Member Katie Valenzuela requested an update on TPP. This report provides information on TPP and efforts related to COVID-19 tenant protections. The following is a summary of TPP:

Tenant Protection Program

- Program applies to most apartments and duplexes built before February 1, 1995. Mobile home rentals and single occupancy rooms in hotels rented for longer than 30 days are included. Single-family dwellings and rental units in condominiums and stock cooperatives are excluded.
- The City has partnered with Sacramento Self Help Housing to assist with the program

implementation and outreach to tenants and landlords.

- There are more than 42,000 rental units situated on over 8,100 parcels within the city subject to the ordinance. The following is a breakdown of parcels containing rental units based on the number of units:
 - Duplex: 5,153
 - 3-4 Units: 1,498
 - 5-10 Units: 874
 - 11-20 Units: 314
 - 21-99 Units: 221
 - Over 99 Units: 89
 - **Total: 8,149**

Rental Rate Restrictions

- Annual rental rate increases cannot exceed 5% plus the change in the Consumer Price Index (CPI) determined annually on April 1. The maximum rent increase cannot exceed 10%.
- The current maximum rate increase is 6% which became effective July 1, 2020.
- The rental rate cannot increase more frequently than once every 12 months.
- After a rental unit has been vacated, a landlord may establish the base rent for a new tenant under a new rental housing agreement. Thereafter, any increase in the rent for the new tenant must comply with the ordinance.
- A landlord can submit a petition to the city to request a “Fair Rate of Return” hearing for approval to increase rent above the maximum. The landlord must provide documentation to support the request and the hearing examiner’s decision is final. No landlord petitions for a hearing have been processed to-date.
- Tenants can submit a complaint to the city if they believe a landlord has failed to comply with the ordinance related to rent increases. Tenant complaints have been addressed by educating the landlord as to the maximum increase under the ordinance.

Tenant Eviction Protections

- Once a tenant has resided in a rental unit for more than 12 months, the landlord cannot terminate the rental agreement and require the tenant to move out without a “just cause” reason.
- The permitted reasons for evicting a tenant includes failure to pay rent; breach of the rental housing agreement; criminal or nuisance activity; failure to give access; necessary and substantial repairs requiring temporary vacancy; owner move-in; or withdrawal of the rental

unit from the rental market.

- Tenants can submit a petition requesting a hearing if they believe a landlord terminated a rental agreement without just cause. Tenant complaints have been addressed by educating the landlord and no pre-eviction tenant petitions for a hearing have been received to-date.

Tenant Protection Program Implementation Timeline

The Business Compliance unit of the Community Development Department administers and enforces the Tenant Protection Program. Unfortunately, complete implementation of the program has been delayed due to COVID-19 and implementation of the eviction moratorium ordinances. The following is the program timeline:

- **August 13, 2019:** City Council adopted Tenant Protection and Relief Act.
- **September 12, 2019:** Tenant Protection and Relief Act became effective.
- **September 2019:** City created Tenant Protection Program website (www.cityofsacramento.org/tpp <<http://www.cityofsacramento.org/tpp>>) which provides information for landlords and tenants including links for the ordinance and FAQs.
- **September 24, 2019:** City Council adopted Tenant Protection Program operating and revenue budget including 3.0 full-time equivalent (FTE) employees (1.0 Program Specialist and 2.0 Customer Service Specialist)
- **October 8, 2019:** AB 1482, the state Tenant Protection Act of 2019, was enacted. This measure provides limits on rent increases and requires landlords to state a just cause for evictions like the City's ordinance.
- **January 14, 2020:** Ordinance amended to reduce the annual rent adjustment from 6% to 5% to be consistent with state Tenant Protection Act of 2019 (AB 1482).
- **January 14, 2020:** City Council approved an agreement with Sacramento Self Help Housing to provide intake and outreach assistance.
- **February 18, 2020:** Program Specialist hired to manage TPP.
- **March 2, 2020:** Two Customer Service Specialists hired to provide administrative support for TPP.
- **March 17, 2020:** City Council adopted an emergency ordinance to establish a temporary moratorium on evicting residential tenants unable to pay rent due to a loss of income caused COVID-19. TPP staff priority shifts to supporting eviction moratorium.
- **March 20, 2020:** City Manager directs all non-essential city staff to work from home in accordance with county health order related to COVID-19. All TPP begin to work remotely from home.
- **March 24, 2020:** City Council amended the ordinance establishing a temporary moratorium on evicting tenants unable to pay rent due to a loss of income caused by COVID-19 to include commercial tenants.
- **June 30, 2020:** City Council amended the emergency ordinance to limit the temporary moratorium on evicting commercial tenants impacted by COVID-19 to only 1st floor retail tenants.
- **June 30, 2020:** Moratorium expired for all other commercial tenants, such as office uses and retail tenants on 2nd floor of shopping centers.
- **July 1, 2020:** Annual maximum rental rate increase of 6% became effective based on CPI of 1% determined on April 1, 2020.

- **August 31, 2020:** AB 3088, an urgency statute, was enacted. It applies to residential tenants experiencing a financial impact due to COVID-19 and limits evictions through January 31, 2021. Back rent owed can only be enforced through small claims court process not eviction.
- **September 23, 2020:** Governor's emergency order allows for local ordinances prohibiting eviction of commercial tenants for non-payment of rent to continue through March 31, 2021.
- **September 30, 2020:** City's eviction moratorium ordinance preventing eviction due to non-payment of rent for residential tenants ends due to expiration of the Governor's authorization for local ordinances given enactment of AB 3088.
- **September - December 2020:** TPP staff resumed program development and implementation including, but not limited to, coordinating with consultant and stakeholders on outreach and communication strategy; database development; finalizing administrative policies and procedures (i.e., pre-eviction and fair rate of return hearing processes); finalizing TPP rental housing registry forms and process; and preparing program billing and invoicing process.
- **Early January 2021:** Launch TPP communication campaign including initial outreach to landlords informing them on upcoming registration and billing notices and to tenants advising them of their rights and how to initiate a complaint or concern.
- **Mid-January 2021 - March 2021:** Mailing registration for over 8,100 parcels which include more than 42,000 rental units.
- **April 2021 - May 2021:** Mailing invoices for over 8,100 parcels which include more than 42,000 rental units

COVID 19 Tenant Protections

Residential Tenants

On March 17, 2020, the City Council adopted its emergency moratorium on residential evictions. This moratorium allowed non-payment of rent for tenants experiencing financial loss due to COVID-19. This moratorium expired on September 30, 2020. Tenants who were covered under the City of Sacramento emergency eviction moratorium and who continue to experience a loss of income or increased expenses due to COVID-19 were extended eviction protection under the new state law AB 3088.

On August 31, 2020, the new state law (AB 3088) was signed by the Governor. This law is applicable to all residential tenants experiencing a financial impact due to COVID 19. This statute requires the landlord to provide tenants a COVID-19 declaration. Tenants must sign and return the declaration within 15 days if tenant has a COVID-19 loss of income and/or increased expense and are unable to pay the full amount of rent. This declaration can be required each month and must be submitted to avoid eviction. Tenants must pay minimum of 25% of the rent due each month from September 2020 through January 2021, or if tenants are unable to pay that amount, tenants can pay the 25% owed by January 31, 2021 to avoid eviction. January 31, 2021 is the deadline to pay unpaid rents for the period March 2020 through January 2021. A landlord cannot evict for nonpayment of back rent but can collect through small claims court process. Landlords and tenants can visit <https://landlordtenant.dre.ca.gov/> for more detailed information on AB 3088 and its requirements. On December 7, 2020, Assembly Member David Chiu introduced Assembly Bill 15 which would extend these protections. January 7, 2021 is the first day this legislation may be heard in committee.

Commercial Tenants

On March 24, 2020, City Council amended the ordinance establishing a temporary moratorium on evicting tenants unable to pay rent due to a loss of income caused by COVID-19 to include commercial tenants. The following are the key dates related to commercial tenant evictions:

June 30, 2020	Eviction moratorium amended to protect only first floor commercial tenants. <i>Eviction moratorium ends for all other commercial tenants.</i>
September 23, 2020	Governor order extends City's commercial eviction moratorium (first floor tenants only) to March 31, 2021.
October 28, 2020	Deadline for commercial tenants <u>other than first floor tenants</u> to pay unpaid rents for the period of March 2020 to June 2020.
March 31, 2021	Commercial eviction moratorium expires.
July 29, 2021	Deadline for first floor commercial tenants to pay unpaid rents for the period March 2020 to March 2021.

Policy Considerations: None.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability: None.

Commission/Committee Action: Not applicable

Rationale for Recommendation: At the December 15, 2020 City Council meeting, Council Member Katie Valenzuela requested an update on the Tenant Protection Program and COVID-19 tenant protections.

Financial Considerations: None.

Local Business Enterprise (LBE): None.