

2014 Council Study Issue

CDD 14-17

Impacts of Major Apartment Renovation Projects on Tenants

Lead Department Community Development

Sponsor(s) Whittum, Meyering

History 1 year ago: 2 years ago:

1. Scope of the Study

a. What are the key elements of the study?

The study would evaluate what tenant protections are currently provided through California tenant-landlord law related to noticing tenants and minimizing disturbances to tenants during major renovation of an apartment complex, and whether there are any gaps in the law that could and/or should be addressed by the City through either regulatory means or education/voluntary compliance efforts. For example, current state law limits the reasons for which a landlord can enter an occupied rental unit to make necessary or agreed-upon repairs or other purposes. It generally requires landlords to provide notice to tenants at least 24 hours prior to entry, and requires landlords to maintain units in a habitable condition. In addition, landlords may choose to provide lease termination notices to month-to-month tenants prior to undertaking major renovation work, or allow tenants to remain and work around them with adequate notice. Specific provisions beyond the state law may also be spelled out in the rental contract between the landlord and tenant.

The study would also attempt to distinguish between renovation projects undertaken primarily for the purpose of addressing building/health and safety code compliance and/or property maintenance issues, and projects undertaken primarily to upgrade the properties for aesthetic or marketability reasons, such as removing shared laundry facilities and installing laundry machines in each apartment unit, or adding upgraded flooring or countertops.

b. What precipitated this study?

Email from local resident to Council regarding concerns about major renovation work at the apartment complex where the resident resides. Concerns included alleged lack of timely notice for water shut-off, tenant's perception that work was an unnecessary upgrade solely for landlord's benefit, that entry into tenant's unit without tenant's consent for such purpose was in conflict with California law, the possibility of rents increasing after completion of the work, and potential displacement of some tenants from property. Resident was referred to Project Sentinel, which had received several complaints from various tenants at the same property affected by the same project. Most of these cases had been resolved or had begun mediation process with Project Sentinel as of early January 2014.

c. Is this a multiple year project? No Planned Completion Year 2015

2. Fiscal Impact

a. Cost to Conduct Study

i. Level of staff effort required (opportunity cost)

Major  Moderate  Minor

ii. Amount of funding above current budget required \$0

Will seek budget supplement  Will seek grant funding

iii. Explanation of Cost:

The level of staff effort is moderate and assumes one or several community outreach meetings to receive community input on the issues of concerns and to identify possible remedies. This assumes that the outcome might be implementing an approach of education and voluntary compliance similar to that used with local child care providers. However, if municipal code amendments are desired to create new mandatory requirements for rental property owners, the study would require additional staff time and effort from CDD and OCA staff, with hearings before the Housing and Human Services Commission and City Council.

b. Costs to Implement Study Results

- No cost to implement.
- Unknown. Study would include assessment of potential costs.
- Some cost to implement. Explanation:

Similar to the above explanation, if an education/voluntary approach is implemented, costs are anticipated to be relatively minor, consisting of printing of educational brochures for use at the One-Stop Center and allowing a minor amount of staff time to educate applicants and answer questions from the public and those affected by the program. If the approach implemented is to create new requirements applicable to Building Permit applicants for major apartment renovation projects, the costs to implement would include similar costs as noted above for initial education/outreach by staff and publication of brochures, plus eventual costs of enforcement, which would require additional staff time (either Neighborhood Preservation or Building staff) to investigate complaints, issue citations, hold hearings, and so on, plus the possible costs of involvement in any litigation that might arise involving the City and the new ordinance.

3. **Expected participation in the process**

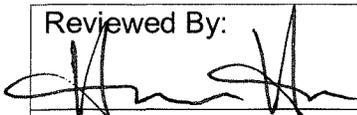
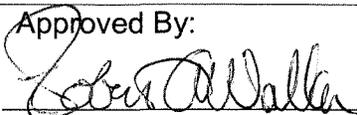
- Council-approved work plan
- Council Study Session
- Board/Commission Review by

4. **Staff Recommendation**

a. Position: Drop

b. Explanation:

Staff believes that the problem identified by this proposed study issue would best be handled through the existing mediation services provided by Project Sentinel under contract with the City. A study issue is not necessary to implement possible education/outreach efforts to landlords and contractors that could address this issue. Staff can discuss with Project Sentinel and the California Apartment Owners Association, Tri-County Division, about preparing educational material that can be provided at the One-Stop and posted on the City's website. The material would include suggestions for minimizing disputes and tenant inconveniences when applicants come in for building permits for major renovation projects at multi-family complexes.

Reviewed By: 	1/20/14	Approved By: 	1-22-14
Department Director	Date	City Manager	Date