



City of Sunnyvale

Agenda Item

14-0960

Agenda Date: 1/30/2015

2015 COUNCIL STUDY ISSUE

NUMBER

CDD 15-10

TITLE Explore Introduction of a Rent Stabilization Ordinance

BACKGROUND

Lead Department: Community Development

Support Department(s): Office of the City Attorney

Sponsor(s):

Board/Commission: Housing and Human Services Commission

History:

1 year ago: N/A

2 years ago: N/A

SCOPE OF THE STUDY

What are the key elements of the study?

The key elements of the study would be to answer the following questions:

- 1) Would it be appropriate to develop a rent stabilization program for Sunnyvale at this time, i.e., what are the pros and cons, unintended consequences, etc.?
- 2) If yes, how should such a measure be structured (i.e., proposed rate of increase, mechanisms for implementing and enforcing measure, appeal procedures)?
- 3) Should rent stabilization be enacted through a local ordinance, charter provision, or ballot measure? If by ballot measure, what is the likelihood of successful passage by the voters?
- 4) How much would it cost the City to implement and maintain a rent stabilization program if enacted?

What precipitated this study?

Commissioners are aware of many community members affected by significant rent increases of 10 percent or more at a time. Some community members are not able to afford the increase and therefore have had to move, or may have to move in the event of a subsequent increase. Residential tenants in the City have experienced several years in a row of significant rent increases. These rent increases are reducing the inventory of affordable housing units. Staff has also received an increasing number of complaints from tenants about such rent increases in recent years. While the Council recently restored funding to Project Sentinel to provide tenant/landlord dispute resolution, the mediation services are voluntary and do not prevent rent increases from occurring, nor are any city regulations in place that address rent stabilization.

Planned Completion Year: 2016

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Major

Amount of funding above current budget required: \$50,000

Funding Source: Will seek budget supplement

Explanation of Cost:

Cost for additional staff hours and consultant and/or special legal counsel to complete study of likelihood of voter support for rent stabilization measure, if a ballot measure were the desired approach, and possible structure of such a measure.

Cost to Implement Study Results

Some cost to implement.

Explanation of Cost: If the study resulted in a city effort to place a rent stabilization measure on the ballot, significant costs would be required for developing the ballot measure, paying for the county costs for placing local measures on the ballot, significant costs for special legal counsel and public opinion researcher. The estimated cost of ballot measure for November 2016 is \$43,000. In addition, it is possible the measure would be challenged upon implementation by groups representing rental property owners, which would create additional legal expenses for the city. If another approach were pursued, costs to implement would likely be around the same for special legal counsel and additional specialized research that may be needed.

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: Yes

Council Study Session: Yes

Reviewed by Boards/Commissions: Housing and Human Services Commission, Planning Commission

STAFF RECOMMENDATION

Position: None

Explanation: Staff has no position on this issue as a key factor depends on the desire of the City Council to enact a rent stabilization ordinance and/or sponsor a ballot measure to establish a rent stabilization program and to possibly impose a fee to cover the cost of administration. Similar study issues in recent years were dropped or failed to rank high enough to be implemented. In addition, rent stabilization measures have been on the local ballot twice in the past and failed to pass both times.

Prepared by: Suzanne Isé, Housing Officer

Reviewed by: Hanson Hom, Director, Community Development Department

Reviewed By: Robert A. Walker, Assistant City Manager

Approved By: Deanna J. Santana, City Manager