

City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From*		To*	
	Account	Amount	Account	Amount
Check one: <input checked="" type="checkbox"/> Budget Appropriation <input type="checkbox"/> Budget Transfer	216-2909	\$50,000	216-5364237	\$50,000

Conduct a Public Hearing and consider introducing Ordinance No. 302 relating to a rent review program and tenant protections, Approve Related Budget Amendment, and prepare and execute a Professional Services Agreement with Project Sentinel.

Background:

On February 20, 2018, the City Council approved the formation of the Tenant Protection Task Force. The Task Force was established in September 2018, consisting of tenant and landlord representatives, to develop recommendations that would address tenant challenges experienced in Sunnyhills and similar communities. Representatives of the tenant community serving on the Task Force included Project Sentinel, Law Foundation of Silicon Valley, the President of the Sunnyhills Apartment Tenants Association, and Silicon Valley Independent Living Center. Representatives of the landlord community serving on the Task Force included California Apartment Association, an apartment property manager, a landlord representative, and Santa Clara Association of Realtors.

The Task Force meetings spanned from September 2018 through February 2019. The landlord and tenant groups met separately from each other in October, November, and December. Subsequent joint meetings in January and February were held to identify any commonalities the groups shared including core values. The results of the Tenant Protection Task Force were presented to the City Council on April 2, 2019.

On May 7, 2019, the City Council met to consider Council/Mayor requests for an urgency ordinance for rent control and an urgency ordinance for just cause eviction. While Council did not approve moving forward on the urgency ordinances, it did approve the establishment of a new City Council Housing Subcommittee to continue to address the needs of the community based on the community feedback the Council received. Councilmembers Montano and Nuñez were appointed to serve on this newly formed subcommittee.

On May 21, 2019, the City Council Housing Subcommittee held its first meeting. The Subcommittee acknowledged the May 7 Council decision to not pursue rent control and just cause ordinances, and sought alternatives to provide tenant assistance by brainstorming ideas, which included the implementation of a rent review ordinance to be modeled similarly to the Rent Review Ordinance adopted by the City of Fremont. From May through September 2019, the Subcommittee held eleven Subcommittee meetings that were open to the public to discuss and direct City staff on their vision for the Rent Review Ordinance. While no other specific Ordinances were considered as a model, the Subcommittee took into account pending state legislation, such as the progress of AB 1482 - a statewide rent control bill - which would be relevant in constructing a rent review Ordinance.

During Subcommittee meetings, the following community input was heard. Some members of the public voiced the need for rent control, while the Subcommittee recognized the May 7 Council decision to not pursue such. Some expressed a desire to see a threshold below 5% to trigger rent review. Concerns were raised regarding tenants' fear of landlord retaliation if a landlord is forced to go through rent review. At the recommendation of the Subcommittee, a landlord retaliation policy is included in the proposed Ordinance under Chapter 3, Tenant Protections.

The staff recommendations reflect the direction provided by the City Council Housing Subcommittee. To stay up-to-date on the progress and work being accomplished by the Housing Subcommittee for the Milpitas community, visit the [Housing Subcommittee website Latest News and Updates](#).

Analysis:

Proposed Milpitas Rent Review Ordinance - See Agenda Report for Rent Review Ordinance.

Similar to the Fremont Rent Review Ordinance, the Milpitas City Council will need to establish a Milpitas Rent Review Board consisting of two (2) landlord representatives, (2) tenant representatives, (1) resident of the City who is neither a landlord or a tenant, and one (1) alternate. The Rent Review Board will hear cases that could not be resolved by tenant-landlord mediation. With the Subcommittee's direction, the ordinance will include language that expresses that the members of the rent review board must have a demonstrated interest in the issues considered by the board, and will be selected based on prior experience which would qualify them for such an appointment. The Subcommittee would provide the Mayor with recommendations for appointments to the Rent Review Board.

Fiscal Impact:

The fiscal impact to the City would be \$50,000 per year for Project Sentinel to manage the Rent Review program. At the proposed contractual term of approximately two years ending December 31, 2021, the total fiscal impact would be \$100,000. Additionally, there could be a fiscal impact to the City should the Rent Review Board be granted a \$1000 budget per year, similar to other commissions or committees in the City, which can be absorbed into the Department's FY 2019-20 operating budget. There is also a fiscal impact in the form of City staff administrative time in creating the program and working with Project Sentinel and the Rent Review Board on various items. Staff will monitor these costs and evaluate if additional budget will be needed in the current FY 2019-20 operating budget. A budget amendment to appropriate \$50,000 will be needed from the Affordable Housing Fund to the FY 2019-20 Housing Operating Budget for Project Sentinel to manage the Rent Review program. \$50,000 will also be incorporated in the FY 2020-21 Housing Operating Budget for Project Sentinel to manage the Rent Review Program for the second year.

Recommendation:

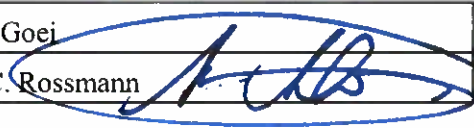
1. Open the public hearing; hear testimony, then move to close the public hearing.
2. Following the City Attorney's reading of the title, move to waive the first reading beyond the title and introduce Ordinance No. 302 to add Chapters 2 and 3 to Title XII of the Milpitas Municipal Code relating to the adoption of a rent review program and tenant protections
3. Approve a budget amendment to appropriate \$50,000 from the Affordable Housing Fund to the FY 2019-20 Housing Operating Budget for Project Sentinel to manage the Rent Review program.
4. Authorize the City Manager to prepare and execute a Professional Services Agreement with Project Sentinel ending December 31, 2021 to manage the Milpitas Rent Review Program

Attachment(s):

- a. Ordinance No. 302 relating to the adoption of a rent review program and tenant protections
- b. Budget change form
- c.

☒ Check if City Council Approval required.

Meeting Date: September 17, 2019

Requested by:	Department Head: Sharon Goei	Date: September 17, 2019
Reviewed by:	Finance Director: Walter C. Rossmann 	Date: September 17, 2019
Date approved by City Council, if required:		Confirmed by: