

MOTION

The City is at risk of losing thousands of affordable housing units through the impending expiration of regulatory rent covenants. Regulatory covenants are recorded on a property to ensure the long term affordability of units, often in return for a public subsidy or housing density bonus. Many covenants are now reaching an expiration date, which would effectively remove the affordability requirements, and allow an owner to raise rents to market rate.

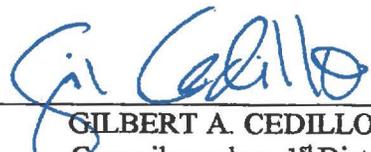
In 2019, the State adopted the Tenant Protection Act (also known as AB 1482), which prohibits rent increases more than five percent above the Consumer Price Index (CPI) or ten percent, whichever is less. AB 1482 generally applies to multi-family rental units constructed more than 15 years ago and not covered by a local rent control ordinance or existing affordability covenant. Rentals in single family homes and condominiums are covered only for units owned by a corporation, real estate investment trust, or a Limited Liability Company (LLC) controlled by a corporation.

Although AB 1482 provides important rental protections, State law still allows for expired or expiring covenants to be increased in the initial year to market rate rents, with some increases as high as a 300 percent increase in rent. This may result in significant tenant displacement and homelessness during the Covid-19 pandemic. As one of the most rent-burdened cities in the nation, the City must continue to explore additional policy options to preserve our long-term affordable housing stock.

I THEREFORE MOVE that the City Council instruct the Housing and Community Investment Department, with the assistance of the City Attorney, to report with recommendations on implementing an immediate rent freeze on residential units with expired or soon to expire affordability covenants that is based on health and safety findings regarding undue tenant displacement during the COVID-19 pandemic, and to continue said rent freeze until comparable affordable housing units are provided to impacted tenants; and,

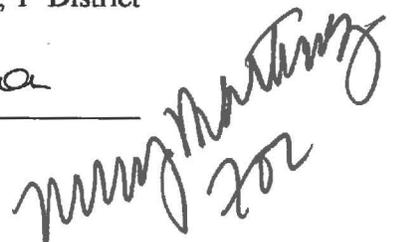
I FURTHER MOVE that the City Council instruct the Housing and Community Investment Department to develop recommendations and options for impacted tenants to relocate to comparable low-income affordable housing units, as well as potential funding options to extend affordability covenants citywide in order to prevent widespread displacement.

PRESENTED BY:


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