

CHARTER AMENDMENT INITIATIVE TO REGULATE RENT INCREASES, LIMIT JUST CAUSE FOR EVICTIONS, AND CREATE AN ELECTED RENTAL-HOUSING BOARD

This initiative measure, entitled the “Sacramento Community Stabilization and Fair Rent Charter Amendment” (the “Charter Amendment” or “measure”), proposes to regulate rent increases for rental units covered by the measure; specify the conditions under which a landlord can terminate a tenancy; and create an elected rental-housing board responsible for administering and enforcing the Charter Amendment.

The measure would add Article XX to the Sacramento City Charter. Its three main purposes are summarized as follows:

1. Rent regulation. Landlords may set initial rents at market rates to the extent required by state law. Landlords cannot increase rents for covered rental units except as authorized by the Charter Amendment. Permissible annual rate adjustments are tied to the increase in the consumer price index, with a minimum increase of 2% and a maximum of 5%. Increases of security deposits during a tenancy are prohibited. Landlords may petition for an increase in rent to ensure a “fair rate of return.” Tenants may petition for a decrease in rent for the landlord’s “failure to maintain habitable premises” or the landlord’s “decrease in housing services or maintenance.”
2. Just-cause-for-eviction protections. Landlords are prohibited from terminating (or threatening to terminate) any tenancy unless at least one of nine specified conditions exists. Under four of those specified conditions, the landlord would be required to provide relocation assistance of at least \$5,500.
3. Rental-housing board. The Charter Amendment establishes an elected rental-housing board, whose members serve four-year terms. Eight members are elected in a special election to be held within 90 days of the Charter Amendment’s passage; the ninth member is appointed by the mayor and confirmed by the elected members. The board is independent of the city council, city manager, and city attorney, except by board request. Among other things, the board is empowered to announce the permissible annual rent adjustment; establish regulations for administration and enforcement of the Charter Amendment; hold public hearings; and establish penalties for noncompliance with the Charter Amendment or regulations.

The measure imposes a board-determined annual rental-housing fee on each landlord subject to the measure to fund the board’s reasonable and necessary expenses.

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Several categories of rental units are exempt from the measure in its entirety. Additionally, rental units exempt from rent control under state law (Costa-Hawkins Rental Housing Act) are exempt from the rent regulation provisions of the measure but not from the eviction protections. If state law changes, the rental-housing board could adopt regulations bringing formerly exempt rental units into the rent-regulation program.

The measure includes remedies for violation of its provisions. For example, a tenant may bring a civil suit for damages. The board, tenants, or landlords may also seek an injunction to enforce any provision or enjoin any violation of the Charter Amendment, regulations, or decisions of the board.