



City of Santa Barbara

TENANT/LANDLORD TASK FORCE (TLTF)

MINUTES

AUGUST 21, 2017

3:00 P.M.
Housing Authority Conference Room
706 Laguna St
Santa Barbara CA

CALL TO ORDER: Facilitator John Jostes called the meeting to order at 3:00 p.m.

ROLL CALL:

| | | | |
|-------------------------|---------------------------|-------------------------|--|
| <u>Tenant Interests</u> | <u>Landlord Interests</u> | <u>Council Liaisons</u> | <u>Facilitator</u> |
| Lizzie Rodriguez (A) | Laura Bode | Greg Hart | John Jostes |
| Jerry Morales | Tommy Thompson | | |
| Frank Rodriguez | Andy Alexander | | <u>City Staff</u> |
| Petra Lowen | Barbara Sherrill (A) | | Sue Gray, CD Business Manager |
| | | | Deidre Randolph, CD Programs Supervisor |
| | | | Andrea Bifano, Senior RHM Specialist |

John Jostes informed the Task Force that he had been notified by Barbara Sherrill that she was no longer able to serve on the Task Force due to competing commitments and that she was stepping down from her role. John acknowledged the importance of keeping in mind the interests of individual landlords with a small number of units and indicated that an empty chair would be left at the table to signify their general interest in the process.

CHANGES TO THE AGENDA: None

CONSENT:

1. **Approval of July 27, 2017 Minutes**
The Task Force unanimously approved the previous meeting's minutes.
2. **Task Force Problem Statement**
The Task Force unanimously adopted the revised Problem Statement.

PUBLIC COMMENT – The following people spoke during public comment:

No members of the public addressed the Task Force during the public comment period.

SUBJECT ITEMS

3. **Enhanced Rental Housing Mediation Program and Education Initiatives regarding tenant and landlord rights and responsibilities:**

Facilitator Jostes outlined the objectives for the discussion as brainstorming options for the group to consider in recommending specific approaches to enhanced mediation and enhanced information as a part of their ultimate package of recommendations to City Council – recommendations that are sufficient to address the concerns outlined by Council in forming the group. Sue Gray also set the stage for discussion by outlining the background work she had compiled on cities throughout California who have some form of enhanced mediation integrated into their regulations and operating procedures. Facilitator Jostes highlighted the top four types of rental housing conflicts addressed by the Rental Housing Mediation program, as well as the possibility of some form of mandatory or obligatory mediation effort such as that used in the City of Alameda. Laura Bode suggested that the group first focus on educational initiatives and introduced the concept of a “Bill of Rights” document for landlords and tenants.

There was considerable discussion by the Task Force of both the contents and distribution of such a document as well as the underlying reasons for difficulties, misunderstandings and conflict arising out of property management, tenancy and displacement issues. Suggestions raised by the group with regard to educational and information enhancements included:

- Local landlord and property management organizations, (SB Rental Property Association, Board of Realtors, and others) educate the community about the benefits of mediation over litigation of rental housing disputes. (This initiative is currently underway targeting landlords by the SBRPA);
- Develop a ‘Bill of Rights’ for tenants and landlords to be distributed to interested parties during the move-in process. This should be an ongoing process, not a one-time initiative. In order to target landlords who are not members of the SB Rental Property Association, Board of Realtors, or California Apartment Association, it could be institutionalized through the City’s business license renewal process for landlords operating 3 or more rental units and supported by landlord, property management and rental assistance organizations;
- Expand the education and outreach efforts above to include Section 8 housing participants and public housing agencies;
- Track retaliatory evictions and red flag them for follow-up, requiring violators to undergo a mandatory education process regarding tenant/landlord rights;
- Develop an ombuds complaint system that allows for the anonymous reporting of tenant complaints with a follow up that results in censure of offending landlords by the SB Rental Property Association and Board of Realtors, as appropriate;
- Develop grass roots organizational outreach to larger apartment complexes to distribute Tenant/Landlord Bill of Rights handouts;
- Take an incentive-based approach to landlords to incentivize good behavior regarding landlord/tenant relations through programs such as the “Gold Seal Program” in place within the City of Santa Ana, wherein landlords with a track record of productive relations with tenants receive a certification of such; and
- Provide a small discount during the business license renewal process to landlords who can demonstrate a track record of positive tenant/landlord relations and the existence of written leases.

The discussion then turned to the issue of written leases versus informal or verbal lease arrangements wherein a sizable number of tenant landlord situations take place without a formal lease or written rental agreement. There was general agreement within the Task Force that written leases provide the clarity and certainty about what the contractual agreement encompasses. At the same time, it was acknowledged that some tenants prefer an informal arrangement because of their reluctance to disclose financial information and credit worthiness or choose the ambiguity of an oral agreement over the inflexibility of a lease.

While there was some caution expressed that the business licensing process for 3 or greater rental units would not capture single or duplex rentals, and that some landlords are not aware of the City's requirement for a business license in this regard, the Task Force was generally supportive of better utilizing the licensing process as an implementation mechanism for both educational purposes, complaint monitoring and a mechanism for requiring written leases in a low cost manner.

The Task Force then recessed for a short break.

After reconvening, Petra Lowen kicked off the discussion by suggesting that mandatory or some form of obligatory mediation for rent increases over 5% be considered by the group in a manner similar to the City of Alameda. The discussion that ensued raised the following points:

- If mandatory leases become a reality, such an approach would provide a vehicle for establishing a "mediate first" clause in such leases, thereby resulting in greater use of this conflict resolution approach;
- Make mandatory mediation a requirement for landlords with documented rental housing conflicts;
- It's more important to discuss the trigger mechanisms or conditions that require mandatory mediation than the obligatory nature of the mediation process itself; and
- It may be that one trigger might be a landlord that is convicted of a violation of tenant-landlord rights.

In addition, Sherrill Nickerson, head of the Conflict Solution Center provided the Task Force with information pertaining to outcomes from the Superior Court's Small Claims Court mediation program, which she administers.

While there was some openness to some forms of enhanced mediation on some displacement issues, all three participants representing landlord interest indicated they were in strong opposition to mandatory mediation of rent increases because they considered such a requirement a "price control" and would have difficulty convincing their constituencies otherwise. Several Task Force members indicated the reasoning for their opposition to the concept included their belief that it would not allow for consideration of legitimate expenses such as property tax increases, utility rate increases, insurance rate increases and improvements made to rental units for upgrade purposes or after a transfer of ownership. When asked by tenant advocates if there was percentage increase they could agree to use as a trigger for mandatory mediation over rent increases, landlord interests indicated they were not prepared to offer such a threshold.

However, there was some discussion of the possibility of some form of displacement mitigation or relocation payment such as that applied to condominium conversions or relocation assistance provided to facilitate redevelopment. There also appeared to be an openness to talk about the use of mandatory mediation for issues other than rent level increases (i.e., displacement, habitability, access and inspection issues).

At the conclusion of the discussion, Facilitator Jostes requested the Task Force establish an ad hoc subcommittee consisting of Andy Alexander and Jerry Morales to work on refining the options discussed at the meeting into a set of draft recommendations that might meet the needs and interests of the Task Force as a whole. The Subcommittee was supported unanimously and asked to report back at the next meeting.

4. Context and Information Needs for next meeting:

Several suggestions were put forth by Task Force members to make the next meeting as productive as possible.

- Have someone from the Building Department who deals with habitability inspections and ADA requirements present to provide context and answer questions;
- Articulate the top five issues for tenants and landlords prioritized and delineated;
- Provide available information on relocation assistance for condominium conversions; and
- Explore where a portion of the penalties pertaining to Red-Tagged habitability and/or health and safety violations can be earmarked for other displaced tenants.

5. Concluding Remarks and Adjourn

The meeting was adjourned at 5:50 p.m.