

## **INITIATIVE TO ESTABLISH DIRECT RENTAL PAYMENTS FUND USING EXISTING TAX PROCEEDS AND TO MAKE VARIOUS AMENDMENTS TO RENT STABILIZATION ORDINANCE**

Current law imposes a tax on property owners that rent out five or more units. This initiative would amend that law to place tax receipts into a special fund and dedicate 20% of the fund to a City program providing direct rent payments to property owners on certain tenants' behalf. To oversee disbursement, the initiative would create an oversight committee consisting of 9 members appointed by the Mayor and City Council. The new committee and the Finance Department would be responsible for creating rules regarding tenant qualification, the application process, and fund distribution. The other 80% of the special fund would be dedicated to the City's general fund.

In addition, the initiative would amend Berkeley's rent stabilization and eviction ordinance, codified in Chapter 13.76 of the Municipal Code (the "Ordinance"), in several ways.

The initiative would modify the exemptions from rent control and registration by (1) expanding the exemption for owner-occupied properties to include: two-unit properties that were not owner-occupied on December 31, 1979; and owner-occupied units where the landlord holds a material but nonmajority interest in the property; (2) limiting the owner-occupied two-unit property exemption to tenancies created in 2025 or later; (3) adding an exemption for single-family dwellings, where the owner owns no more than 2 properties within the City; and (4) expanding the exemption for owner-occupied single-family homes with ADUs to include more than one ADU.

The initiative would allow property owners and tenants to mutually agree to a rent increase above the allowable level in exchange for an increase in services or amenities. The initiative would also increase the maximum allowable annual rent increase from 7.0% to 7.1%.

The initiative would modify certain grounds for eviction by (1) prohibiting non-payment evictions when a tenant owes less than one month of rent, unless the tenant has not paid for more than 90 days; (2) allowing evictions for substantial violations of health codes and city ordinances; and (3) requiring 60 days' notice before eviction for failure to renew a lease.

The initiative would allow tenants who obtain signatures from two-thirds of occupied rental units to create an association to confer with property owners over common issues. The initiative would require owners to confer with associations in good faith, but would not allow the Rent Board to further define "good faith."

The initiative would remove certain powers from the Rent Board, including the powers to (1) downwardly adjust rent ceilings due to tenant relocation or repairs; (2) determine substantial compliance with health and safety laws or other state laws; and (3) intervene as an interested party in litigation. Commissioners would also no longer be paid, and the City Auditor would be required to audit the Board every three years.

The initiative would require the City to defend the initiative's legality in court, or to indemnify the initiative's proponents if the City fails to defend the law itself.