



Palo Alto Rental Registry Program

November 27, 2023

www.cityofpaloalto.org

A stylized, light green map of Palo Alto, California, showing the city's street grid and geographical features like the San Antonio River and the redwood forest. The map is positioned on the left side of the slide.

Purpose of Tonight's Meeting

Review staff recommendations to:

- Adopt an ordinance that would establish a new rental registry program
- Feedback on rental registry program implementation strategy



Background

- Council direction from November 2021 to prepare rental registry program
- Staff research and engagement with renters and landlords
- Discussions with the Council Housing Ad Hoc Committee, Planning & Transportation Commission, and Human Relations Commission
- Above effort informed program recommendations



Why a Rental Registry?

There are approximately 11,400 rental units in Palo Alto:

- 70% of rental units are multifamily housing, properties with 3-units or more.
- 30% of rental units are includes nearly 3,400 single family residential units, J/ADUs and duplexes.

A rental registry allows the City to:

- Learn more about the Palo Alto rental landscape
- Support Council policy considerations related to renter protections through additional data
- Support the implementation of the City's Housing Element goals to maintain and support landlord / tenant programs



CITY OF
**PALO
ALTO**

Draft Ordinance Overview



Types of Rental Units Included in Draft Ordinance

Any housing structure offered for rent or lease in Palo Alto, including:*

- Multi-family apartment buildings
- Single family homes, ADUs/JADUs, duplexes**

**Excludes rentals of attached bedrooms of a landlord-occupied dwelling where the landlord and renter(s) share living facilities*

***Staff proposes phasing participation: multi-family for the first two years, then participation of single family rentals, ADUs/JADUs, and duplexes*



Ordinance Requirements

- Initial registration
 - Including: landlord contact information, rental unit characteristics, rent information, and tenant information*
- Annual registration renewal
- Affidavit
- Event-based reporting
- Ability to collect fees, administer penalties, issue waivers

**Data collected in the registry is subject to Public Records Act*

Proposed PAMC Chapter 9.72 Minor Amendments

Rental units would be registered only in one registry, instead of two

Residential Rental Registry Program (*new* PAMC Chapter 9.65)

- Establishes new Rental Registry Program
- RRP would collect the information required by existing PAMC Chapter 9.72

Landlord/Tenant Dispute Response (*existing* PAMC Chapter 9.72)

- Currently requires rental unit registration
- Minor amendments refer reader to new PAMC Chapter 9.65 for registration information and fee information



CITY OF
**PALO
ALTO**

Rental Registry Program Implementation

Rental Registry Implementation Strategy

Phased implementation

- Collect data on 70% of rental housing stock for two years (300 registrants)
- Expand to all landlords in third year (single family homes, J/ADUs (3000+ registrants))

Why a phased approach?

- ✓ Allows for program development & opportunity to address system or technology issues;
- ✓ More timely launch;
- ✓ Benefit from experience before significant expansion;
- ✓ Minimize user frustration; and,
- ✓ Enables more thoughtful resource impact analysis

Rental Registry Implementation Strategy

Fees & Fee Waivers

- ~\$40 / unit participation fee
- Year 1: Waive participation fees
- Year 2: Fees required for multi-family property owners (3 or more units)
- Year 3: Collect multi-family fees; waive first year fees for single family homes J/ADUs
- Year 4: All fees paid, no waivers, program costs recovered through fees

Data Collection (Attachment E)

- Contact Information
- Rental Unit Characteristics
- Tenancy & Rental Information

Rental Registry Implementation Strategy

Event Based Reporting

- Notice to Quit
- Eviction Notice

Enforcement / Penalties

- \$50 fee / unit for not registering a qualifying unit, with fee escalation
- Enforcement limited to complying with registration requirements
- Private party action through civil court for violation to renter protection ordinances

Rental Registry Implementation Strategy

Resources

- Estimated two FTE at full program implementation
 - 1 FTE initially with proposed phased approach
- Initial program implementation costs ~\$70K / Annual costs ~68K

Rental Registry Program	Year 0 FY23-24	Year 1 FY24-25	Year 2 FY25-26	Year 3 FY26-27	Year 4 FY27-28
Revenue Source	\$ 100,000	\$ -	\$ 270,000	\$ 270,000	\$ 460,000
Program Fees	\$ -	\$ -	\$ 270,000	\$ 270,000	\$ 460,000
General Funds	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expense	\$ 188,000	\$ 268,000	\$ 268,000	\$ 468,000	\$ 468,000
Consultant	\$ 138,000	\$ 68,000	\$ 68,000	\$ 68,000	\$ 68,000
Staff*	\$ 50,000	\$ 200,000	\$ 200,000	\$ 400,000	\$ 400,000
Net Impact	\$ (88,000)	\$ (268,000)	\$ 2,000	\$ (198,000)	\$ (8,000)

* Year 0 is prorated to ¼ of the total costs due to hiring lead time.

Key Considerations

Program Elements	Considerations
Program Phasing	Phased program implementation by rental type over 3 years
Fee Waivers & Funding Impacts	Fee waivers in year 1 (multifamily) and year 3 (single family); supports phased implementation with all fees applied in program year 4
Resource Needs and Cost Estimate	Program requires additional staff resources. The three-year cost estimate is \$1.24M - \$1.42M (or approximately \$414,000 - \$474,000 per year) which includes staffing (up to 2 FTEs) and RRP software and consultant contract.
Rental Unit Registration	Registration form requires landlord contact information, rental unit characteristics, rent information, and tenancy information.
Annual Reporting and Event-Based Updates	Program requires annual registration <i>and</i> updates for qualifying events (e.g., evictions or quit notices)
Enforcement/Penalties	Program establishes financial penalties for not registering a property and supports the City's ability to enforce program implementation



CITY OF
**PALO
ALTO**

Timeline

Rental Registry Program Components



Rental Registry Program Milestones and Timeline

Council directed exploration of this program (Nov. 2021) and staff conducted research and outreach in 2022



Staff Recommendations

- Adopt an Ordinance establishing a mandatory rental registry program that collects rental unit information for multifamily units and single-family rental units, enables cost recovery fees, and allows for enforcement.
- Direct staff to commence with a three-year implementation phasing initially with multifamily housing (3-units) and above, expanding to all rental properties including single family homes in year three.
- Return to Council with a contract for professional services, authorization for one new full-time position in FY 2024-2025, and resolutions as detailed in the staff report.



CITY OF
**PALO
ALTO**

Rebecca Atkinson

Planner

Rebecca.Atkinson@CityofPaloAlto.org

(650) 329-2596