



Palo Alto Rental Registry Program

November 27, 2023

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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



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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



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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
<i>Program Fees</i>	\$ -	\$ -	\$ 270,000	\$ 270,000	\$ 460,000
<i>General Funds</i>	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expense	\$ 188,000	\$ 268,000	\$ 268,000	\$ 468,000	\$ 468,000
<i>Consultant</i>	\$ 138,000	\$ 68,000	\$ 68,000	\$ 68,000	\$ 68,000
<i>Staff*</i>	\$ 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



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Timeline

Rental Registry Program Components



1. Adopt Ordinance in Municipal Code

2. Select Consultant / Allocate Staff Resources

3. Publish Administrative Regulations

4. Establish Fee / Implement the Program
Development

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.



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