



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: December 18, 2023

Report #:2311-2289

TITLE

SECOND READING: Adoption of an Ordinance Amending the Palo Alto Municipal Code to Add Chapter 9.65 and Amend Chapter 9.72 to Establish a Mandatory Registry Program of Residential Rental Units in the City of Palo Alto; CEQA Status - Exempt under CEQA Guidelines Section 15061(b)(3) (FIRST READING: November 27, 2023 PASSED 6-1, Tanaka No).

RECOMMENDATION

In accordance with City Council's prior action on November 27, 2023, staff recommends approval on second reading of the attached Ordinance (Attachment A). The Ordinance amends the Palo Alto Municipal Code (PAMC) to add Chapter 9.65 (Residential Rental Registry Program) and amends Chapter 9.72 (Mandatory Response to Request for Discussion of Disputes Between Landlords and Tenants) to establish a mandatory rental registry program of residential rental units in the City of Palo Alto.

BACKGROUND

On November 27, 2023, City Council held a public hearing on the Rental Registry Program (RRP), which included a first reading of a draft Ordinance to establish the program.¹ In a vote 6-1 (Tanaka no), City Council took the following actions:

1. Adopted an Ordinance establishing a mandatory rental registry program that collects rental unit information for multi-family units and single-family rental units, enables cost recovery fees, and allows for enforcement;
2. Directed staff to commence with a phased implementation initially with multi-family housing (3-units and above), and return to Council to evaluate the potential expansion to all rental properties including single-family homes at the end of year two;
3. Directed staff to 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;

¹ City Council City Manager Report # 2308-1904, November 27, 2023:
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateld=13307>.

4. Directed staff to survey existing enforcement mechanisms and Ghost House (extended vacancy) data collection in other jurisdictions and return to Council by end of calendar year 2024; and
5. Amend Attachment A to include an event-based registration on unlawful detainers and rent increases.

In summary, City Council approved the draft Ordinance with minor text amendments, provided RRP implementation direction to the City Manager, and requested additional staff research efforts.

ANALYSIS

Staff updated the draft Ordinance (Attachment A) to reflect City Council action on November 27, 2023. The updates add any increase in rent and the filing of an unlawful detainer complaint as two additional events for which landlords would be required to amend their rental unit registrations. Therefore, the four events listed specifically in the Ordinance that would necessitate landlord event-based reporting are as follows:

- Any increase in rent,
- A notice to quit is sent to a renter,
- An unlawful detainer complaint is filed, or
- An eviction.

TIMELINE

If approved, the Ordinance would become effective on the 31st day after the second reading, tentatively January 11, 2024.

FISCAL/RESOURCE IMPACT

As discussed in the November 27, 2023 City Manager Report, implementing the RRP will have a fiscal impact due to the need for new software, consultant services, and new staff resources. Staff will return to City Council for consideration of a professional services contract and/or authorization of a new 1.0 full-time equivalent employee in FY 2024 - FY 2025. Staff will also return to City Council for RRP participation fee establishment on a per rental unit basis. Given that City Council directed staff to initially waive RRP participation fees, the City would need to provide funding until corresponding revenue can support the program.

STAKEHOLDER ENGAGEMENT

Staff conducted community outreach and stakeholder engagement regarding the Rental Registry Program, as discussed in the November 27, 2023 City Manager Report. Staff will continue to conduct ongoing community outreach and stakeholder engagement activities in conjunction with program development and implementation.

ENVIRONMENTAL REVIEW

This project is exempt from the provisions of the CEQA, pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

ATTACHMENTS

Attachment A: Ordinance Adopting Residential Rental Registry Program

APPROVED BY:

Jonathan Lait, Planning and Development Services Director