Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
        Councilmember Jones

SUBJECT: AUDIT OF APARTMENT RENT ORDINANCE

DATE: January 27, 2017

RECOMMENDATION

1. Direct the City Manager to implement the following:
   a. Recommendation #12 Banking: Maintain the banking provision approved by Council in April
      2016, including a solution for tenants and landlords as part of the rent registry.
   b. Recommendation #13 Unit Registry: Maintain the rent registry approved by Council.
2. Accept the remainder of the City Auditor’s report.

BACKGROUND

We would like to thank the City Auditor for her team’s thorough work on the audit of the Apartment Rent Ordinance (ARO). Further, we appreciate the supplemental memorandum indicating the Housing Department’s alignment with Recommendation #5: entering unit addresses into the integrated permitting system. The Auditor made recommendations that will ensure the Council-approved modifications to ARO are implemented efficiently and with necessary resources and outreach to be effective for both tenants and landlords.

While the Auditor presents thoughtful analysis, the City Manager should implement the original Council direction to allow banking and establish a rent registry. We hesitate to adopt a novel process, putting the auditor in the role of appellate court to the City Council, such that policy reversals are urged even before the policy has been implemented. The banking provision passed by the Council requires landlords to be forthright and transparent by notifying tenants of banked increases, and forfeiting banked reserves at turnover. We believe that the creation of the rent registry, coupled with a user-centric, easily accessible interface can potentially reduce the administrative burdens associated with tracking both banking and rents while increasing transparency. The City Manager should work closely with the Information Technology Department and Office of Innovation on the implementation of both.