



Rent Stabilization Program

TOWN OF FAIRFAX

Purpose

- ▶ Discuss partial implementation of rent stabilization program
- ▶ Consider resolution to initiate the rent stabilization program
- ▶ Consider introduction of an ordinance to establish \$1,000 fee for a hearing process



Rent Stabilization Ordinance

Applies to:

- Apartment units built prior to 1995
- Detached accessory dwelling units (ADUs) built prior to 1995

Does not apply to:

- Apartments built after 1995
- Single Family Homes
- Condominiums
- Attached ADUs
- Single rooms within a home (occupied by the owner)

Allowable Rent Increases

▶ Can the rent increase? Yes

1. New tenancy

- ▶ Base rent established on first month's rent
- ▶ Subsequent rent increases limited to AGA

2. Annual Gross Adjustment (AGA)

- ▶ Based on the increase in the Consumer Price Index (CPI) each year
 - ▶ Calculated in April based on the March CPI
 - ▶ Sept. 1, 2023 to August 31, 2024 – AGA is 2.52% (60% of CPI of 4.2%)
 - ▶ Sept.1, 2024 – AGA will be 75% of CPI.
- ▶ Goes into effect September 1 of each year
- ▶ Requires that the housing provider request the increase

3. Petition process

Partial Implementation



Purpose

Initiate program at low cost
prior to November vote



Key Features

No registration fees
\$1,000 to file a petition



Key Components

“Warm-line” for inquiries
Limited registration
Petition process utilizing a
hearing examiner

Partial Implementation

- ▶ In-house Public Outreach
 - ▶ “Warm-line” for landlords and tenants
 - ▶ One-quarter to one-half of the Housing Specialist time
 - ▶ Produce articles for the Town Newsletter and Website
 - ▶ Housing Specialist was previously budgeted in the FY 23/24 Town Budget

Partial Implementation



- ▶ Petition process
 - ▶ Hearing examiner process
 - ▶ An attorney with experience providing rental hearings has been identified
 - ▶ 3-4 hours of time for hearing
 - ▶ Fee of \$1,000 to cover cost of hearing
 - ▶ Staff would serve in a support role (not be covered under the \$1,000 fee)
- ▶ Seeks balance between:
 - ▶ Protect tenant from excessive rent increase; and
 - ▶ Ensure fair rate of return for housing provider

Partial Implementation

- ▶ Limited registration
 - ▶ As-needed, paper based
 - ▶ Register residential units that are subject of a petition
 - ▶ No registration fee would be charged
 - ▶ General Fund expense for managing the files



Advantages and Disadvantages



Primary Advantages:

Quick start-up.

Low-cost implementation
experience prior to Fall vote.

No cost for most housing providers.

Low cost for hearings (only
needed to exceed AGA).



Primary Disadvantages:

Low compliance rate.

No registration system.

Cumbersome paper-based
system.

Alternatives / Future Enhancements

Additional Staff

- Needed to fully implement program
- In-house or consultant help

Technology

- Customer Relationship Management (CRM) system
- Direct web-based registration system
- Specialized software designed for rent stabilization programs are available

Recommended Actions

Discuss and receive public comment

Adopt resolution

- Sets April 5, 2024 for partial implementation.
- Establishes hearing process for rent increases above AGA.
- Simple introductory registration system (paper-based).
- Informational telephone line.

Waive first reading and introduce ordinance

- Interim petition fee of \$1000 to be paid by landlords for rent increase above the allowed amount (AGA) or if a tenant objects to rent increase.



Questions