



Legislation Text

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File #: 14-1993, Version: 1

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** NOVEMBER 6, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER/s/

**DOCKET TITLE:**

Consideration of Resolution from the Landlord-Tenant Relations Board Regarding the Voluntary Rent Guidelines. [ROLL-CALL VOTE]

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**ISSUE:** City Council consideration of the resolution from the Landlord-Tenant Relations Board regarding the Voluntary Rent Guidelines.

**RECOMMENDATION:** That City Council approve the attached resolution (Attachment I) continuing the City's Voluntary Rent Guidelines at a percentage of not more than 5% where the tenant pays utilities and not more than 7% where the owner pays utilities, as recommended by the Landlord-Tenant Relations Board.

**BACKGROUND:** Virginia localities are prohibited from enacting rent control. However, for over 25 years, the City has encouraged landlords to limit rent increases in accordance with the City's Voluntary Rent Guidelines, which are suggested maximum rent increases for existing tenants. These voluntary guidelines provide no enforcement authority against landlords who fail to comply with them, as under Virginia law, the City has no authority to place mandatory limits on rent increases.

The Landlord-Tenant Relations Board reviews the Guidelines annually and makes recommendations to City Council regarding their adequacy, and Council is then asked to adopt a voluntary rent guidelines resolution (Attachment I). In preparing its recommendations, the Board considers rent data, market forecasts and vacancy surveys by Delta Associates, a national real estate consulting firm, as well as data prepared by the Office of Housing in its annual apartment survey. The Office of Housing survey covers all rental complexes in the City with ten or more units. Delta Associates' survey is based on a representative sample of complexes in smaller area submarkets within the City, and distinguishes between "Class A" and "Class B" apartments. The Board considers these data to formulate recommendations that will account for market trends without unduly burdening tenants. Table A in Attachment II illustrates Office of Housing data collected in January of each year and voluntary rent guidelines since 2003. Table B in Attachment II reflects Delta Associates' year-end 2012

data.

**DISCUSSION:** The current guidelines are 5% if the tenant pays utilities and 7% if the landlord pays utilities. For the reasons below, this recommendation would not change the current guidelines.

Staff estimates that most landlords in the City are in compliance with the guidelines and staff is generally successful in mediating reduced increases. Not all cases mediated result in the landlord's full compliance with the guidelines, but staff is often able to mediate a lower increase to the tenant. In addition, the guidelines recognize and direct staff to consider unusual costs, capital improvements and major repairs to the property and an increase in the assessment of the property of more than 50%.

Alexandria's rental apartment market remains strong when compared to national trends. According to the Office of Housing's January 2013 survey, apartment vacancy Citywide increased from 3.21% to 4.11% since January 2012. Delta Associates' year-end report for 2012 indicated increased vacancy rates for Class B properties in Alexandria, but reported slight decreases in Class A apartment vacancy rates. Both the City survey and Delta Associates reported vacancy rates well below the national rental vacancy rate, which U.S. Census Bureau News reported as 8.7% in the fourth quarter of 2012.

The Office of Housing survey shows that citywide average rents for new tenants increased 1.6% from January 2012 to January 2013. Delta Associates' survey reported very modest rent growth in Alexandria submarkets of between 0.9% in West Alexandria Class B garden apartments and 6.1% in Class A high-rise units for the fourth quarter 2012 compared to the same period in 2011. The Arlington/Alexandria Class A Garden apartment submarket surveyed by Delta Associates showed a slight decrease in rents during that period.

The Landlord-Tenant Relations Board considers it critical that the guidelines be reasonable and consistent with market conditions for landlords to comply and recommends increasing the percentages when market rent increases indicate a strong rental market. However, the purpose of the guidelines is to encourage property owners to keep increases reasonable for lease renewals. Although rents for new tenants have shown only modest growth and vacancy has increased since last year, current rents for many renters may be well below market rates. Therefore, the Board does not recommend lowering the guidelines.

At its November 6, 2013 meeting, the Landlord-Tenant Relations Board voted to recommend that City Council adopt the attached resolution encouraging landlords to continue to limit increases for current residents to a maximum 5% increase for properties with tenant paid utilities, and 7% for properties with utilities included in rents.

**FISCAL IMPACT:** None

**ATTACHMENTS:**

Attachment 1 - 2013 Voluntary Rent Guidelines Resolution

Attachment 2 - Data Summary for 2013

**STAFF:**

Mark Jinks, Deputy City Manager

Mildrilyn Stephens Davis, Director, Office of Housing

Melodie Seau, Division Chief, Office of Housing