



**Rent Stabilization Board
Office of the Executive Director**

DATE: May 11, 2016

TO: Honorable Members of the Rent Stabilization Board

FROM: Members of the Budget and Personnel Committee
and Jay Kelekian, Executive Director
by Matthew Siegel, Staff Attorney

SUBJECT: Proposed Registration Requirements for Sororities and Fraternities

Recommendation

That the Board adopt the proposed resolution to authorize a Summer Rental Period registration fee of \$60.00 and procedures for sororities and fraternities for the pending 2016-17 registration year. Under the proposed resolution, qualifying sororities and fraternities shall be eligible to participate in a revised registration process which shall include a prorated registration fee for summer rentals provided that the following conditions are met: 1) a contact person/liason must be provided for all future Board-related matters; 2) any participating sorority or fraternity must be in good standing with the registration requirements of the ordinance; 3) All qualifying sororities and fraternities must meet the requirements for sorority or fraternity status as determined by the Rent Board; and 4) Participating sororities and fraternities must comply with registration procedures developed by the Program.

Background

In late 2009/early 2010 our agency was made increasingly aware that many fraternities were and had been renting out some of their rooms during the summer to non-members to support their budgets and operating costs. We discovered that this practice was, in fact, widespread. Since units that are not expressly exempted under the ordinance must be registered we were compelled to investigate the matter. Our investigation confirmed that fraternity houses have routinely been renting to non-members, particularly during the summer months.

Because the Board believed that most fraternities were unaware of their obligation to register these seasonal/summer units, the Board authorized an Amnesty Program in November 2010 for chapters that had been renting out rooms to non-members on a seasonal or summer basis. The Amnesty Program was successful in its goal of resolving prior years registration fees owed the agency as the Board collected \$49,583.00 in past due registration fees from twenty-two (22) chapters. In addition, through the Amnesty Program, staff was able to make positive contacts with various members of the fraternity community including property owners, property managers, student representatives and UC Berkeley staff.

At the conclusion of the Amnesty Program fourteen lawsuits were filed in Superior Court against those property owners and chapters that had not availed themselves of the Amnesty Offer. Of these fourteen, all resolved via settlement.

Summer Registration Process

As a result of the Amnesty Program, staff had discussions with various representatives of the Greek community regarding our agency's registration process. These talks, which covered the unique needs and concerns of fraternities, were with chapter presidents, students, property managers, members of the Fraternity Alumni Council (FAC), the FAC as a group, alumni representatives, and attorneys representing a consortium of chapters. This process enabled all stakeholders to be educated on the rights and responsibilities of the Greek community as it related to rent control and housing.

After numerous committee meetings and Board presentations, the Board approved, via resolution, a Summer Registration Process for fraternities at its May 14, 2012 meeting. The pilot summer registration process for fraternities required chapters to:

- 1) Pay a reduced, pro-rated fee of \$50.00 per unit for summer rentals;
- 2) Fill out Registration Forms specifically tailored to summer rentals and;
- 3) Provide the Board with a permanent contact person/liaison.

For the 2012/13 year, the agency collected \$9,520.00 in registration fees from the various fraternities representing the registration of one hundred seventy six (176) units.

As part of the registration process, staff conducted unannounced inspections of four chapters to ensure that Fraternity Summer Registration Forms were placed in the room as mandated by the Board's prior resolution. Forms were in place for these chapters.

The pilot program was renewed for the 2013/14 registration year. For the 2013/14 year, the agency collected \$8,144.00 in registration fees from the various fraternities representing one hundred sixty (160) units. Four chapters claimed full exemption and one chapter failed to make any payments. Two chapters paid summer registration fees approximately two weeks late.

For the 2014/15 registration year, the agency collected \$8,076.00 in registration fees from the various chapters representing one hundred forty six (146) summer rental units and four full-time units. In addition to the \$8,076.00 in fees collected, the agency also collected \$9,506.00 in full-time registration fees due to two chapters having been suspended and renting to other tenants and one house being sold to private ownership and being rented as a rooming house.

For the most recent 2015/16 registration year, the agency collected \$8,786.00 in registration from the various chapters representing one hundred forty six (146) units. Nine chapters claimed full exemption and three chapters have failed to report, either by making the appropriate payments or notifying the agency that all units are exempt. These chapters will be contacted and enforcement efforts are under way.

For the most part, chapters have been compliant in the payment of fees and the filing of Unit Status Forms and/or Registration Forms. While staff has provided a moderate level of assistance to the various chapter representatives, a majority of chapters were able to register their houses with little or no assistance. Each subsequent year, Summer Registration has been easier than the last with most chapters paying summer fees and filing the appropriate forms in a timely manner.

Registration for Sororities

As the initial research, review and compliance activities with fraternities wound down, the Board made clear that staff was to begin communications with the various sororities. Commencing in January 2013, staff began this process.

Staff identified thirteen sorority chapters that owned and operated houses in Berkeley. As a result of staff review and investigation it was confirmed that no houses rented rooms to non-members. To determine the exempt status of sororities, staff corresponded with each chapter representative as well as conducted site inspections. As a result of these efforts, staff obtained declarations from chapter representatives affirming that no rooms/units were rented to non-sorority members.

Based on staffs' findings that no sororities are being rented to non-members, staff recommends reviewing their status every three years. A review of sororities will be conducted this year.

Conclusion

The attached resolution makes clear that the modified registration fee for the 2016-17 fiscal year is a continuation of the program initially started in 2012 and the Board retains authority to discontinue, renew and/or amend it in future years. The increase in the fee is based on the increase in registration fees. While Staff felt that no increase was needed based on last year's fee increase from \$194 to \$213, the anticipated increase in this year's fee warrants the Summer Registration Fee to be increased as well. The original amount of \$50 per unit reflected approximately $\frac{1}{4}$ of the total registration fee. Assuming the Board raises the registration fee this year, I recommend that we increase the summer rental fee to \$60 per qualifying unit, which reflects approximately $\frac{1}{4}$ of the anticipated new fee.

Staff believes the proposed Resolution is the most fair and equitable way for the Board to address the matter of registering any possible sorority or fraternity summer rentals. For the majority of the Board's registration year, fraternities operate rental units that have been conditionally exempted from rent and eviction controls. While the non-member students who occupy these units are fully protected by rent and eviction controls during the summer, they uniformly vacate at the end of the summer break. Fraternities consistently rent these units at below market rents, and imposing a full fee and registration reporting requirement for such a short tenancy represents a substantial burden for an organization that exists for the sole purpose of maintaining the chapter/house. This process not only covers our costs to administer the program but also increases the likelihood that tenants renting these units will be timely informed of their rights.