

**City of San Leandro
Community Development Department
Housing Services Division
Staff Report**

DATE: February 27, 2017

TO: Rules Committee

FROM: Tom Liao, Deputy Community Development Director
Steve Hernandez, Housing Specialist II

SUBJECT: Proposed Tenant Relocation Assistance Program

BACKGROUND AND ANALYSIS

At the direction of the City Council in September 2016, staff is returning to the Rules Committee with an updated Tenant Relocation Assistance Program proposal for input and direction. Attached is “Exhibit A - Draft Tenant Relocation Assistance Program Ordinance (Ordinance).” Below is a summary of the program, including descriptions of the newly amended language and requirements as shown in italics.

Overview of Tenant Relocation Assistance Program Components

The purpose of the program is to protect San Leandro’s long-term tenants from displacement resulting from the impacts of rising rents and landlord-caused terminations.

Eligibility

The proposed Ordinance would require landlords to provide tenants relocation assistance payments when the termination of tenancy is landlord-caused. *For clarity and simplification purposes, the eligibility language in “Section 4-36-200 – Definitions” of the proposed Ordinance was revised to list exempted landlord actions related to improper tenant actions such as:*

- 1. Failure to pay rent*
- 2. Breach of rental contract*
- 3. Tenant illegal activities*
- 4. Failure to allow landlord access*
- 5. Tenant violated occupancy restriction*
- 6. Residential property uninhabitable without landlord fault*

Staff further revised Section 4-36-200 to include an increase of more than 20% of the base rent (and where the tenant elects to leave his/her unit) as a landlord-caused termination for units built prior to 1995 per the Costa Hawkins Act under California Civil Code Section 1954.52. This

new requirement aims to deter and provide greater protection for tenants facing exorbitant rent increases.

Tenants must meet all three criteria below for relocation assistance eligibility:

1. Termination of tenancy is landlord-caused as described above.
2. A tenant of five or more years.
3. Rental unit is in a parcel containing two or more tenant-occupied housing units.

Relocation Payment

Relocation assistance would be made in an amount equivalent to Items 1 plus 2 below:

1. *Three month's rent. Previously, the proposed Ordinance had indicated two month's rent plus moving costs equivalent to one month's rent. For clarity purposes, staff revised "Section 4-36-305 (a) – Relocation Assistance" to provide the equivalent of three month's rent. Another change in Section 4-36-305 (a) sets the relocation assistance as the greater of the monthly rent that a tenant is currently paying or the most current regional Fair Market Rent from the U.S. Department of Housing and Urban Development (HUD). For instance, if a tenant is paying \$1,000 for a one bedroom unit and the most current 2017 HUD FMR for a one-bedroom is \$1,723, then the tenant would receive \$5,169 or three times \$1,723 if he/she elects to move.*
2. One Thousand Dollars (\$1,000) for special-circumstances households.

A special-circumstances tenant household has any of the following characteristics:

1. At least one member is 62 years or older;
2. At least one member qualifies as disabled;
3. Is a household with one or more minor dependent children (\leq 18 years of age).

In regards to paying out relocation assistance, staff made revisions to streamline and simplify the process. Section 4-36-310(a) was changed from paying a pro rata share to multiple tenants in a rental unit to paying the individual entitled to occupy the rental unit under the lease. Section 4-36-310(b) was changed from the landlord paying one half of the relocation assistance when the tenant informs him/her in writing of vacating and the other half upon certification that the tenant has vacated to making one payment no later than the last day of tenancy for which the landlord has received rent.

Noticing

Other important provisions of the proposed ordinance include that landlords must provide tenants a 90-day Notice to Terminate Tenancy (California only requires a 60-days' notice) as well as a Notice of Entitlement to Relocation Assistance that informs tenants about the Tenant Relocation Assistance Ordinance. The Notice of Entitlement to Relocation Assistance would mirror the Required Notice for Rent Review under the City's rent review Ordinance.

Staff revised Section 4-36-315 to require a different Notice of Entitlement to Relocation Assistance be delivered to the tenant at the same time as a Notice to Increase Rent of greater than 20% of the tenant's existing base rent and to contain language noting that the landlord

must also provide a tenant with a 30 day notice prior to a rent increase of 10% or less and 60 day notice for a rent increase greater than 10% per State law.

Financial Impact

In order to minimize the impact to the City's General Fund, the ordinance would impose an annual program fee to be paid by landlords. The fee would cover the administrative costs of the program, including the provision of educational materials and staff time. Staff recommends that the per unit fee also cover costs associated with tenant-landlord counseling and Rent Review Board administration. The approximate fee is estimated to be \$10 per unit annually during years when there is activity. Residential properties with affordability covenants (e.g. tax credits or HUD-financed) would be exempt from paying the program fee.

PUBLIC NOTICE

Notice for today's Rules Committee meeting was emailed and/or mailed to over 300 renters (including past and current Rent Review Board applicants), landlords and other interested stakeholders on the City's distribution list regarding the proposed tenant relocation assistance program. Notice was also posted on the local online neighborhood forum, Nextdoor.