



# Tenant Relocation Assistance

**City Council  
December 3, 2019**

# Background

On June 11, 2019, City Council adopted a Tenant Relocation Assistance Ordinance (LBMC Chapter 8.97) that requires rental property owners with 4 units or more to pay relocation assistance payments of between \$2,706 and \$4,500 to tenants that:

- Receive a notice of rent increase of 10 percent or more in any 12 consecutive month period,
- Receive a notice to vacate due to the landlord's rehabilitation of the unit, or
- Are in good standing and receive a notice of non-renewal or notice to vacate.

The Ordinance is a tenant relocation assistance program and does not restrict rent increases or require just cause for termination.

# Background

The State Legislature subsequently adopted the State Tenant Protection Act of 2019, which takes effect on January 1, 2020, and contains two major provisions:

- Prohibits annual rent increases of greater than 5% plus the change in Consumer Price Index (CPI), or 10 %, whichever is lower.
- Requires that landlords may only terminate tenancies if they have just cause to do so:
  - At-Fault Just-Cause: Tenant violation of lease.
  - No-Fault just-cause: owner can terminate for owner move-in, removal from market, govt. order to vacate; demolition, substantial rehabilitation – relocation payments equal to one months rent are required for those allowed terminations.

The State Regulation includes rent control and just cause provisions, providing significantly greater tenant protections than the City Regulation.

# Applicability of City and State Regulations

- Both the City Regulation and the State Regulation will apply to landlords and tenants in the City at the same time.
- The conditions under which relocation payments will be required under these programs are not the same--in general, the State Regulation will apply to many more tenants than the City Regulation.
- The City Regulation will require higher relocation payments when it does apply, but it is expected to be applied in a small amount of cases.

# Applicability of City and State Regulations

City Regulation Trigger	State Regulation Trigger	Comparison/Result
<b>Requires relocation upon rent increase of 10% or greater.</b>	Prohibits rent increases of greater than 5%.	<b>City trigger will never apply. State Regulation effectively renders this City Regulation trigger inoperable.</b>
<b>Requires relocation assistance when tenant in good standing receives a notice of non-renewal or notice to vacate</b>	Just cause limits landlords ability to remove tenants in good standing.	<b>State Regulation effectively renders this City Regulation trigger inoperable.</b>
<b>Requires relocation assistance upon removal for rehabilitation of unit.</b>	Just cause limits landlords ability to remove tenants in good standing. Removal for rehabilitation allowed with relocation payment.	<b>Effectively, the only remaining trigger for relocation assistance under City Regulation is for rehabilitation of unit. The higher relocation payment applies.</b>

# Comparison of Number of Units Covered

- The State Regulation offers both rent control and just cause provisions, and applies to single-family, duplex, and triplex units.
- The City Regulation effectively applies to apartment buildings with four or more units, but now only to units where a tenancy is terminated due to rehabilitation.
- Prior to adoption of the State Regulation about 49,000 units were covered by the City Regulation.
- Based on building permit data, staff estimates that 6.75% of rental units may be rehabilitated annually, so the number of units now covered by the City Regulation is much lower.

## City Regulation

- Approximately 3,311 units covered

## State Regulation

- Approximately 69,299 units covered

# Comparison of Number of Units Covered

City Regulation includes a requirement that landlords notify the City when entire buildings are vacated. In the first quarter of implementation (August-October 2019) it was reported that a total of 45 units were vacated.

# Senior and Disabled Security Deposit Assistance Program

- Staff is requesting authority to create a Senior and Disabled Security Deposit Assistance Program for qualified lower-income households.
- The program is expected to be funded at \$250,000 with Federal HOME Investment Partnership Program (HOME) funds and/or the State Homeless, Housing Assistance, and Prevention Program (HHAPP) funds.
- This fund will provide assistance to our most vulnerable populations and go a step beyond the State protections, creating a local solution that addresses a critical need in our community.



# Recommendations and Next Steps

- Request the City Attorney to prepare an urgency ordinance to repeal Long Beach Municipal Code Section 8.97 relating to a Tenant Relocation Assistance Ordinance effective December 31, 2019; and
- Direct the City Manager to create a Senior and Disabled Household Security Deposit Assistance Program for qualified lower-income households and identify up to \$250,000 in non-General Fund funding for the program.
- Work with the City Attorney to prepare and urgency ordinance and return to City Council for approval.
- Identify funding and create the Senior and Disabled Household Security Deposit Assistance Program.



Thank you

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