



Legislation Text

File #: 19-1203, **Version:** 1

Recommendation to request City Attorney to prepare an urgency ordinance to repeal Long Beach Municipal Code Section 8.97 relating to Tenant Relocation Assistance effective December 31, 2019; and

Direct 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. (Citywide)

On June 11, 2019, the City Council adopted Ordinance 19-0014 amending the Long Beach Municipal Code by adding Chapter 8.97 relating to Tenant Relocation Assistance (City Regulation) (Attachment A). The City Regulation requires certain rental property owners to pay relocation assistance payments of between \$2,706 and \$4,500 to tenants that receive a notice of rent increase that totals 10 percent or more in any 12 consecutive month period, to tenants receiving a notice to vacate due to the landlord's rehabilitation of the unit, or to tenants in good standing that receive a notice of non-renewal or notice to vacate.

The State Legislature subsequently passed, and the Governor signed, Assembly Bill 1482, the "State Tenant Protection Act" (State Regulation) (Attachment B), which will be effective as of January 1, 2020. The State Regulation contains two major operative provisions, the first of which requires that landlords may only terminate tenancies if they have just cause to do so, and the second of which restricts the amount by which landlords may increase rent.

There are two categories of just cause provisions included in the State Regulation, those where the tenant is "at-fault" and those where the tenant bears "no-fault." If a tenancy is terminated due to a recognized "no-fault" just cause, then landlords are required to make a relocation payment equal to one month's actual rent.

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. There are several detailed differences between the programs, but generally the State Regulation will apply to more tenants than the City Regulation, and the City Regulation will require higher relocation payments when it does apply. Table A below provides an overview of these impacts:

Table A

City Regulation Trigger	State Regulation Trigger	Comparison	Result
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Requires relocation assistance when tenant receives notice of rent increase of 10% or greater.	Prohibits rent increases of greater than 5% plus the percentage change in cost of living, or 10%, whichever is lower.	City trigger will never apply.	State Regulation effectively renders this City Regulation trigger inoperable.
Requires relocation assistance when tenant receives notice to terminate tenancy due to landlord rehabilitation of unit.	Just cause limits landlords ability to remove tenants in good standing. No-fault just cause provisions allowing removal of tenant with relocation assistance limited to: <ul style="list-style-type: none"> · Owner/family move in. · Removal of unit from rental market. · Government order to vacate. · Intent to demolish or substantially rehabilitate unit. 	City Regulation exempts landlords from relocation requirements for the following: <ul style="list-style-type: none"> · Owner/family move in. · Government order to vacate. City Regulation does not address demolition or removal of the unit from rental market - these are addressed by LBMC 21.60 with relocation assistance in the amount of \$4,811.	Effectively, the only remaining trigger for relocation assistance under City Regulation is due to landlord removal for rehabilitation of unit.
Requires relocation assistance when tenant in good standing receives a notice of non-renewal or notice to vacate from Landlord.	Just cause limits landlords ability to remove tenants in good standing - limited to no-fault provisions listed above.	City Regulation either exempts or addresses provisions in LBMC 21.60 (see above).	State Regulation effectively renders this City Regulation trigger inoperable.

As can be seen above, the City Regulation and the higher relocation payment will only apply when a tenant is asked to vacate due to rehabilitation.

The State Regulation offers both Just Cause Provisions and Rent Control Provisions, which offer significantly greater tenant protections than the City Regulation. The State Regulation also applies to single-family, duplex and triplex units, where the City Regulation applies to units in apartment buildings with four units or more. Both regulations have a variety of exceptions. Table B below provides this data:

Table B

City Regulation Applicability	City Regulation Unit Data	State Regulation Applicability	State Regulation Data
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Applies to multi-family rental buildings of 4 units or greater (Base Units).	70,317 Base Units.	Applies to multi-family rental buildings of 4 units or greater.	70,317 Base Units.
Exempts 4-unit buildings owned by an owner of only one 4-unit building.	Subtract 8,776 units.	Applies to renter-occupied single-family, duplex and triplex units.	Add renter-occupied duplex (6,461 units) and triplex (1,970 units) (total 8,431 units).
Exempts owner occupied buildings.	Subtract 1,583 units.	Exempts single-family and condominium units owned by natural owners (non-commercial owners). Exempts owner-occupied duplex units.	This analysis excludes all single family and condominium units because ownership data was not available. Subtract 791 units.
Exempts affordable housing units.	Subtract 6,477 units.	Exempts Affordable housing units.	Subtract 6,477 units.
Exempts units built after February 1995.	Subtract 4,056 units.	Exempts units receiving Certificate of Occupancy within the previous 15 years (from January 2005 forward).	Subtract 2,181 units.
Total Applicable Units (City).	49,425 units.	Total Applicable Units (State).	69,299 units (this number would likely be much higher if corporate ownership data for single-family and condominium units was available (21,057 renter-occupied single-family units were excluded).
Percentage of units rehabilitated per year.	6.7%		

Estimated number of rehabilitated units that are potentially subject to higher City relocation amounts.	3,311 It is important to note that it is unknown how many units will actually be vacated due to rehabilitation.		
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As shown in Table B, the number of units that could potentially benefit from the higher relocation payments included in the City Regulation is estimated at 3,311. However, no data exists to determine how many tenancies may actually be terminated due to rehabilitation. If 25 percent are terminated, the number of displacements is estimated at 828, and if 10 percent are terminated, the number of displacements is estimated at 331. If only 5 percent of tenancies are terminated, the number of displacements is estimated at 166. The State Regulation will protect tenants living in an estimated 69,299 units.

The City Regulation includes a requirement that landlords notify the City when entire buildings are vacated. During the first quarter of implementation (August through October 2019), it was reported that a total of 45 units were vacated. If this number of unit vacations was consistent over a one-year period, it would result in an annual total of 180 unit vacations (5.5 percent of 3,311 units).

To further protect households experiencing displacement, the City Manager is requesting the authority to create a Senior and Disabled Household Security Deposit Assistance Program for qualified lower-income households. The program is expected to be funded with Federal HOME Investment Partnerships 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 Long Beach solution that addresses a critical need in our community.

It will be critical for staff to develop a marketing and education program to inform tenants and landlords of these program changes and other available resources.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 8, 2019 and by Budget Manager Grace H. Yoon on November 10, 2019.

[Timing Considerations]

This recommendation requests the City Attorney to prepare an urgency ordinance to repeal the Long Beach Municipal Code section relating to Tenant Relocation Assistance and directs the City Manager to create and identify up to \$250,000 in funding for a Senior and Disabled Household Security Deposit Assistance Program. It is anticipated that the funds for the program will be non-General Fund sources, such as the Federal HOME funds and/or the State HHAPP funds. Future City Council action may be required for an Annual Action Plan Amendment or if a State HHAPP grant application is used to fund the program. The City

Manager will report on the financial impact of creating the fund when that fund is brought back to the City Council for consideration. Implementing this recommendation is anticipated to result in a minimal impact to staff hours beyond normal budgeted scope of duties and a minimal impact on existing City Council priorities.

Approve recommendation.

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LINDA F. TATUM, FAICP
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APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER