

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 25, 2018

SUBJECT

Housing Policy Ordinances establishing Minimum Lease Terms and Relocation Assistance

RECOMMENDATION

1. Waive the First Reading and Re-Introduce an Ordinance Requiring Minimum Lease Terms;
2. Waive the First Reading and Re-Introduce an Ordinance Requiring Relocation Assistance;
3. Find that the proposed ordinances are exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3)

BACKGROUND

On March 26, 2018, the City Council introduced and approved amending the City Code to add requirements for rental unit minimum lease terms and revisions to the relocation assistance requirements as a result of permanent displacement of eligible households from rental units. The March 26 staff report is attached to this report and provides additional details.

Subsequent to the March 26 meeting, staff met with representatives of the San Mateo County Association of Realtors (SAMCAR) to discuss additional revisions and ordinance clarifications. Although staff has not included the policy related changes that SAMCAR requested, staff did agree to several requested changes that help clarify how the ordinance would be implemented. The changes are detailed in the attached ordinance, and summarized in the Analysis section below. Due to these changes, a re-introduction of the ordinances is required.

ANALYSIS

On March 26, 2018, the City Council waived the first reading and introduced two renter protection ordinances regarding minimum lease terms and relocation assistance. The March 26 staff report is attached to this report and contains additional background and analysis. The Minimum Lease Term Ordinance requires landlords to offer a minimum one-year lease term to provide more stability for tenants by protecting them against rent

increases for the duration of the lease period. The Relocation Assistance Ordinance assists certain households that are affected by an unforeseen need for relocation due to specific actions taken by landlords who withdraw rental units from the market. Regarding the Minimum Lease Term Ordinance, the City Council requested that staff remove language that tied month-to-month rental rates to an equivalent 12-month (one year) lease term.

Subsequent to the March 26 meeting, staff met with representatives of the San Mateo County Association of Realtors (SAMCAR) to discuss additional revisions and ordinance clarifications. As noted above, SAMCAR requested many changes to the ordinance; however, changes that were policy related were not considered. For example, SAMCAR requested that the minimum lease term ordinance only apply to the first year of the lease, and then it would go to month-to-month. Staff did not agree to make this change due to Council direction. Staff did, however, agree to the requested changes that provided clarification, in order to help landlords better understand and abide by the ordinance.

Revisions to both ordinances are provided in the ordinance attachments and include the following key changes. Changes requested by Council (rather than SAMCAR) are noted below.

Minimum Lease Terms

- At Council's March 26 direction, removal of requirement that the cost of a one year lease shall not exceed the total cost of a month to month lease for 12 months (Section 42A.4(A)).
- Removal of Subsections 1, 2, and 3 of Section 42A.4(E) for clarity, in that Sections 42A.4(A) through (E) already cover the possible rental scenarios as described in the subsections, thereby reducing confusion.

Relocation Assistance

- Section 42.3(D)(1), added "or termination of a month to month rental agreement" to provide clarification to the definition of an eligible residential household, in that no presumption of eligibility will exist under these circumstances.
- Section 42.3(G)(2), added "and accessory dwelling units" to clarify that properties with four or fewer dwelling units located on one lot, including ADUs, will not be considered a "rental unit" under the ordinance.
- Section 42.5(A), added "Unless an alternative mitigation strategy as defined in Section 42.9, below, has been approved by the City" to allow alternatives to

standard relocation assistance requirements as set forth in a provision that was part of the ordinance introduced by the Council on March 26.

- Section 42.5(A)(2), added “The costs of a rental agency shall be fair and reasonable based on current market pricing,” to avoid excessive costs to landlords associated with this ordinance.
- Section 42.6(B), added “with an entity qualified to provide escrow services within the State of California” to ensure that all applicable State regulations would be followed while providing the relocation benefit on behalf of the landlord.

In addition, both ordinances have been revised to correct typographical errors and/or provide clarification to ordinance section titles.

ALTERNATIVES

The City Council could recommend changes or alternatives to the proposed ordinances.

FISCAL IMPACT

The fiscal impact of these ordinances will include the cost of staff time to enforce the ordinances. The Minimum Lease Terms ordinance will require staff to develop new public outreach communications and provide enforcement as necessary. The Relocation Assistance Ordinance will include the cost of staff time to implement the provisions of the ordinance including reviewing relocation assistance applications and identifying a relocation assistance vendor. A fee for staff time will be determined through the preparation of a Nexus Study. Once the City Council adopts the fee, the fee can be used to offset expenses to administer the requirements of these ordinances.

ENVIRONMENTAL REVIEW

Adoption of the Minimum Lease Terms ordinance is not a project within the meaning of the California Environmental Quality Act (CEQA) because the ordinance is a government mechanism that does not involve any commitment to any specific project (CEQA Guidelines Section 15378(b)(4)). Even if adoption of the ordinance were a project, it would be exempt from CEQA because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment (CEQA Guidelines Section 15061(b)(3)).



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ATTACHMENTS:

1. Minimum Lease Terms Ordinance
2. Relocation Assistance Ordinance
3. City Council Staff Report of March 26, 2018