



Claremont City Council/Financing Authority

Agenda Report

File #: 3171

Item No: 11.

TO: TARA SCHULTZ, CITY MANAGER

FROM: CHRISTOPHER M. PAULSON, ASSISTANT CITY MANAGER

DATE: DECEMBER 10, 2019

Reviewed by:

City Manager: TS

Finance Director: AP

SUBJECT:

CREATION OF TEMPORARY “HOMELESSNESS PREVENTION NO-FAULT EVICTION RENTAL RELOCATION ASSISTANCE” PROGRAM (FUNDING SOURCE: LOW AND MODERATE INCOME HOUSING ASSET FUNDS)

SUMMARY

On October 8, 2019, the Governor of California signed Assembly Bill 1482 (AB 1482), also known as the Tenant Protection Act of 2019, into law. The law was passed to prevent rent gouging and arbitrary evictions involving multifamily rental units older than fifteen years, with some exceptions.

In Claremont, as in other high housing cost cities in California, the City is experiencing a housing affordability crisis which contributes to displacement of residents. As a result, staff proposes that the City Council approve a temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program to provide rental relocation assistance to certain tenants who have been evicted in response to AB 1482. When faced with an eviction notice, many tenants do not have the income or savings to secure a new rental unit and pay a first and last month’s rent. These tenants may not be able to find and/or afford replacement housing, given the shortage of housing in general and affordable housing in particular within the region.

The program is intended to serve tenants that have been served with a no-fault just cause eviction notice since the signing of AB 1482 into law on October 8, 2019, and who are homeless or would be homeless without this assistance. Other tenants will be protected by AB 1482 when it becomes effective on January 1, 2020, which will limit rent increases, limit no-fault evictions without “just cause” (as defined), and require a landlord to pay relocation assistance or provide a rent waiver for “no-fault just cause evictions” (as defined).

Staff recommends allocating \$100,000 from the City’s Successor Housing Fund for the purposes of creating a temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance”

program, to provide assistance to Claremont residents who were issued a no-fault eviction notice between November 1, 2019 and December 31, 2019 and are now homeless or would be homeless but for this assistance.

RECOMMENDATION

Staff recommends that the City Council:

- A. Authorize the City Manager to create a temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program; and
- B. Appropriate \$100,000 from the Successor Housing Fund to create the temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program.

ALTERNATIVES TO RECOMMENDATION

In addition to the recommendation, there are the following alternatives:

- A. Request more information from staff.
- B. Recommend modifications to the proposed program.

FINANCIAL REVIEW

To create this temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program, staff recommends appropriating \$100,000 from the City’s Successor Housing Fund.

The Redevelopment Dissolution Law, California Health and Safety Code Section 34176.1(a)(2), authorizes the City to “*expend up to two hundred fifty thousand dollars (\$250,000) per fiscal year for homeless prevention and rapid rehousing services for individuals and families who are homeless or would be homeless but for this assistance, including the provision of short-term or medium-term rental assistance, contributions toward the construction of local or regional homeless shelters, housing relocation and stabilization services including housing search, mediation, or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management, or other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.*”

The City’s Successor Housing Fund has sufficient funds to appropriate \$100,000 for this program, and is authorized under the aforementioned State law.

The staff cost to prepare this report and administer this program is estimated at \$2,696 and is included in the operating budget of the Administrative Services Department.

ANALYSIS

On October 8, 2019, the Governor of California signed Assembly Bill 1482 (AB 1482), also known as the Tenant Protection Act of 2019, into law. The law was passed to prevent rent gouging and arbitrary evictions involving multifamily rental units older than fifteen years, with some exceptions. AB 1482 was not adopted as an urgency measure, so it did not go into effect when signed by the Governor; instead, the law goes into effect on January 1, 2020.

Subject to certain exceptions, AB 1482 will: (1) limit rent increases over the course of any twelve-month period to five percent plus the “percentage change in the cost of living” (as defined), or ten

percent, whichever is lower; and (2) prohibit an “owner” (as defined) of “residential real property” (as defined) from terminating a tenancy without “just cause” (as defined). Although AB 1482 does not take effect until January 1, 2020, its rent control provisions will reach back to apply to rental increases occurring on or after March 15, 2019 (Civ. Code § 1947.12(h)); however, AB 1482’s rent control provisions do not limit rental increases if a unit is vacant (Civ. Code § 1947.12(b)). Until January 1, 2010, existing State law generally allows owners to terminate a tenancy without just cause, provided the owner gives proper notice. (Civ. Code §§ 1946 & 1946.1.) As a result, owners may take advantage of the AB 1482’s exception for vacant rentals by evicting tenants ahead of January 1st.

At the time of the signing of the bill in early October, there were media reports of a sharp increase in tenants in the City of Los Angeles and many other cities in California that were served with no-fault eviction notices.

Claremont, like other high housing cost cities in California, is experiencing a housing affordability crisis which contributes to displacement of residents. As a result, staff proposes that the City Council approve a “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program to provide rental relocation assistance for any tenants facing no-fault evictions in advance of AB 1482 taking effect who are either homeless or would be homeless if not for the assistance. When faced with a no-fault eviction notice, tenants may not have the income or savings to secure a new rental unit and pay a first and last month’s rent. These tenants may struggle to find and/or afford replacement housing, given the shortage of housing in general and affordable housing in particular within the region.

The temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program will be available to any tenants living in Claremont who have experienced a no-fault eviction between November 1, 2019 and December 31, 2019 who are either homeless or would be homeless if not for the assistance. When AB 1482 takes effect on January 1, 2020, it will limit rent increases, limit no-fault evictions without “just cause” (as defined), and require a landlord to pay relocation assistance or provide a rent waiver for “no-fault just cause evictions” (as defined). In other words, after AB 1482 takes effect on January 1, this “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program will no longer be necessary.

This program will be managed by the Administrative Services Department, in collaboration with staff from the Human Services Department (if needed).

Qualifications and Limitations

Tenants eligible to receive funds from the temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program must: (1) reside in the City of Claremont, (2) have received a no-fault eviction notice from their landlord between the dates of November 1, 2019 and December 31, 2019; and (3) be homeless or would be homeless if not for this assistance.

When submitting an application for rental relocation assistance, the tenant will need to provide written documentation of their no-fault eviction. They will also be required to provide documentation that establishes their household income and number of people in the family living in the rental unit. Assistance will only be granted to those that do not exceed the Fiscal Year 2019 Low-Income Limits as set by the U.S. Department of Housing and Urban Development (HUD), for the Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area.

The rental relocation assistance provided to tenants will consist of first and last month’s rent (two rental payments) for another comparable rental unit within the City of Claremont. This rental payment will be made directly to the landlord of the new rental unit, upon the execution of a rental agreement between the tenant and new landlord. The new rental unit identified by the tenant must be a comparable unit in terms of number of bedrooms, or the tenant may choose to downsize the number of bedrooms to ensure affordability. The new rental unit cannot have rents that exceed the Fiscal Year 2019 Fair Market Rent for the Los Angeles-Long Beach-Glendale, CA HUD Metro Area FMRs for All Bedroom Sizes, which can be found in the following chart.

Year	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2019 FMR	\$1,384	\$1,791	\$2,401	\$2,641

Should the City Council approve the creation of the temporary “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program, staff will immediately publicize the program and availability of funds and release an application for assistance. Application forms will be made available on the City’s website, at the City Hall public counter, Alexander Hughes Community Center, and the Joslyn Senior Center.

LEGAL REVIEW

The City Attorney’s Office has confirmed that up to \$250,000 of Successor Housing Funds may be used for short-term or medium-term rental assistance, such as the proposed “Homelessness Prevention No-Fault Eviction Rental Relocation Assistance” program, provided the statutory prerequisites and requirements set forth in California Health and Safety Code Section 34176.1(a)(2) (excerpted above) have been satisfied.

RELATIONSHIP TO CITY PLANNING DOCUMENTS

Staff has evaluated the agenda item in relationship to the City’s strategic and visioning documents and finds the following:

Council Priorities - This item addresses the Council Priority of Increasing the Livability of Our Neighborhoods and Expanding Opportunities for Our Businesses.

Sustainability Plan - This item does not relate to the goals of Sustainability Plan.

Economic Sustainability Plan - This item does not relate to the recommendations outlined in the Economic Sustainability Plan.

General Plan - This item relates to Chapter 8: Housing Element of the General Plan.

2019-20 Budget - This item meets the Community Development Department Work Plan Goal CD-3: Facilitate housing opportunities for individuals at all income levels, including low-income tenants.

Youth and Family Master Plan - This item does not relate to the Youth and Family Master Plan.

CEQA REVIEW

The item is exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15060(c)(2), in authorization to implement a rental relocation assistance program

and allocating funding for that program will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is further and independently exempt from the California Environmental Quality Act under State CEQA Guidelines Section 15061(b)(3), in that it can be seen with certainty there is no possibility the adoption of this Ordinance will have a significant effect on the environment.

PUBLIC NOTICE PROCESS

This item has been noticed through the regular agenda notification process. Copies are available at the City Hall public counter, the Youth Activity Center, the Alexander Hughes Community Center, and the City website.

Submitted by:

Christopher M. Paulson
Assistant City Manager