

Agenda Report

March 25, 2019

TO: Honorable Mayor and City Council

FROM: Housing Department

**SUBJECT: MODIFICATIONS TO THE TENANT PROTECTION ORDINANCE
PASADENA MUNICIPAL CODE CHAPTER 9.75**

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
- 2) Approve the proposed modifications to the Tenant Protection Ordinance as contained in this agenda report; and,
- 3) Direct the City Attorney to prepare an amendment to the Tenant Protection Ordinance (Chapter 9.75, Pasadena Municipal Code) in accordance with the proposed modifications contained in this agenda report, and return within 60 days.

BACKGROUND:

At the regular City Council meeting of October 22, 2018, staff presented a number of potential modifications to the Tenant Protection Ordinance, Chapter 9.75 of the Pasadena Municipal Code (the "Ordinance" or "TPO"), intended to expand the applicability and coverage of the Ordinance. The Council directed staff to return with specific recommendations on providing greater tenant protections under the Ordinance, but not to consider rent control or just cause eviction policies.

The Ordinance, which was adopted in 2004 and amended in 2017, requires landlords to provide relocation benefits to displaced tenants under specific circumstances. Specifically, landlords are required to pay relocation benefits to displaced tenants when a rental unit is vacated under the following circumstances:

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- demolition
- conversion to condominium
- permanent removal of the unit from the rental market
- occupancy by the landlord or a family member
- government order to vacate
- termination of tenancy in housing owned by educational institutions in which the status of tenants as student, faculty, or staff were discontinued by more than 365 days prior to tenancy termination

Eligible tenants must be in good standing with incomes not exceeding 140% of the Los Angeles County area median income. TPO benefits consist of a relocation allowance and a moving expense allowance. The relocation allowance amount is two times the Fair Market Rent adjusted for dwelling size, as published by the U.S. Department of Housing and Urban Development. For a 2-bedroom unit, the current relocation allowance is \$3,326. The moving expense allowance is currently \$1,199 for adult households and \$3,608 for households with dependents, disabled or senior members.

Department staff convened meetings with representatives of landlord and tenant advocate groups on November 29, 2018 and February 8, 2019, to solicit input on TPO modifications. Landlord organizations represented consisted of the Apartments Association of Greater Los Angeles, Foothill Apartment Association, and Pasadena-Foothill Association of Realtors. Tenant organizations represented consisted of the Pasadena Tenants Union, Greater Pasadena Area Affordable Housing Group, and Pasadenans Organizing for Progress. As a result of discussions with these groups, staff developed three (3) proposed modifications to the Ordinance which are described in the next section.

PROPOSED MODIFICATIONS TO STRENGTHEN THE ORDINANCE

Modification #1: Expand TPO for Change in Property Ownership. Expand the TPO scope of applicability to include situations in which eligible tenants are displaced (resulting from large rent increase, lease termination, or eviction) in connection with a change in ownership of the rental property. Under this provision, the new property owner would be required to comply with TPO if notice (large rent increase, lease termination, eviction) is issued to tenants within two (2) years after the date of change in property ownership. A rent increase will be considered to be large if it exceeds CPI + 5% in a 12-month period. The eviction of a tenant by the Owner is not required to fall under the standards which generally trigger the applicability of TPO (e.g., demolition) in order for this Modification to be applicable. However, the tenant must be income-eligible and in good standing in order to be eligible to receive TPO relocation and moving expense allowances. The new property owner and tenant would be responsible for enforcement of the TPO in such situations.

Modification #2: Modify Relocation Allowance to Address Market Rents. Increase the TPO Relocation Allowance amount to 2.5 times the HUD Fair Market Rent (FMR). Currently, the TPO Relocation Allowance base amount is twice (2.0 times) the HUD

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FMR; this was originally intended to reflect the first and last month's rent that a tenant would typically have to pay to move into a rental unit. The purpose of this modification is to recognize that current market rents in Pasadena have exceeded HUD FMR values.

Modification #3: Enhance Relocation Allowance for Long Duration Tenancy.

Require Owners to pay TPO Relocation Allowance to tenants who have maintained continuous tenancy for a minimum period of 10 years (displaced tenants who have not maintained continued tenancy for the minimum 10-year period would be considered for eligibility under the standard TPO scope of applicability thresholds and eligibility requirements). Tenants with 10 or more years of tenancy must be income-eligible and in good standing in order to receive TPO Relocation and Moving Expense allowances under this Modification. The total amount of TPO Relocation Allowance to be paid by Owner would be based on the length of tenancy. Each additional year of tenancy after the minimum 10 years would qualify the tenant for an increase of 10% on the TPO Relocation Allowance base amount. An eligible tenant with 20 or more years of tenancy would qualify for an amount equal to 200% of the base TPO Relocation Allowance.

These proposed modifications were sent to the two groups on February 26, 2019 for feedback. Comments were received from both groups on March 5-6, 2019. A number of the comments were incorporated by staff into the proposed Modifications. The comments are summarized in Attachment "A" of this agenda report.

COUNCIL CONSIDERATION

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of promoting the quality of life and the local economy.

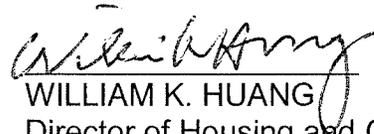
ENVIRONMENTAL ANALYSIS

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of the proposed modifications to the Tenant Protection Ordinance will not have a significant effect on the environment and, hence, is not subject to CEQA.

FISCAL IMPACT

Approval of the staff recommendations will have no direct fiscal impact on the City's General Fund.

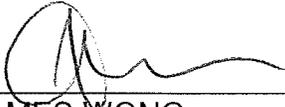
Respectfully submitted,



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STEVE MERMELL

City Manager

Attachment A – Comments from Landlord and Tenant Groups