



CITY OF PALO ALTO OFFICE OF THE CITY ATTORNEY

August 27, 2018

The Honorable City Council
Palo Alto, California

Consideration and Adoption of an Ordinance and Emergency Ordinance Amending Chapter 9.68 of the Municipal Code to Require, for Multifamily Housing Developments of 50 Units or More: Relocation Assistance for No-Fault Evictions or Cause for Eviction and Relocation Assistance for No-Fault Evictions.

Recommendation

Staff recommends that the City Council:

- 1a. Adopt an Emergency Ordinance Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Relocation Assistance Payments for No-Fault Evictions for Multifamily Housing Developments Containing 50 or More Rental Units (Attachment A); or
- 1b. Adopt an Emergency Ordinance Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Cause for Eviction and Relocation Assistance Payments for No-Fault Eviction for Multifamily Housing Developments Containing 50 or More Rental Units (Attachment B); and
2. Adopt a substantively identical (non-emergency) ordinance on first reading, which will be effective on the 31st day following its second reading (Attachments A-1 and B-1).

Background

The City Council adopted housing as a priority for 2018, and in the first half of year the Council has approved a Housing Work Plan and adopted a number of zoning ordinances seeking to spur the creation of more housing throughout the City. In recent months, many members of the public have urged the Council to address an urgent need for tenant protections as part of the City's approach to its housing crisis. Several Council members have informally requested that staff present one or more emergency ordinances to address this need. Some of the public comment on these issues related to a recently announced plan by Adventurous Journeys (AJ) Capital to convert the President Hotel Apartments to a transient/tourist hotel. While the attached ordinances will apply to the President Hotel Apartments, it should be noted that neither of the ordinances has any bearing on either: 1) the ability of AJ Capital to pursue its redevelopment proposal; or 2) its right as a landlord to evict its tenants in order to exit the rental housing market. The former is governed by the City's zoning code while the latter is governed by state law (the Ellis Act, Government Code sections 7060-7060.7).

The proposed ordinances amend Chapter 9.68 of the Municipal Code and will be subject to the definitions provided in Section 9.68.020, a copy of which is provided in Attachment E.

Discussion

In general, California cities may exercise their police power to regulate and monitor the bases for – and mitigate the impacts of – evictions within their jurisdictions, consistent with requirements in state law. A for-cause eviction ordinance typically provides an exclusive list of reasons for which a landlord may evict a tenant. A landlord is therefore prohibited from evicting a tenant for any reason that is not specified in the ordinance. While local governments may exercise their discretion in determining permissible bases for eviction, some causes must be included under state law (e.g. Ellis Act evictions), and there is little substantive variation among the jurisdictions that have adopted for-cause ordinances.

For-cause eviction ordinances are typically adopted in conjunction with a requirement to pay relocation assistance when a tenant is not at fault. That said, both for-cause and relocation assistance requirements may be adopted on their own. The draft ordinance provided as Attachment A would impose a relocation assistance requirement for any eviction in which the tenant is not at fault, but would not substantively limit the permissible bases for eviction. Thus, a landlord would still be allowed to evict a tenant for any non-discriminatory or non-retaliatory reason; the tenant, however, would be entitled to a relocation assistance payment as specified in the ordinance.

The alternative ordinance provided as Attachment B proposes the traditional combination of just cause eviction in addition to a relocation assistance requirement. As explained above, this ordinance would strictly limit the permissible reasons for eviction to those stated in the ordinance; it would also specify the scenarios in which relocation assistance is required.

Both alternative ordinances propose the following amounts of base relocation assistance for evictions in which the tenant is not at fault:

| Unit Type | Amount |
|--------------------|----------|
| 0 bedrooms | \$7,000 |
| 1 bedroom | \$9,000 |
| 2 bedrooms | \$13,000 |
| 3 or more bedrooms | \$17,000 |

The base payments are set at approximately three times the current market rate for each type of unit, reflecting high start-up costs of a new tenancy, in addition to the cost of moving and potential lost wages. One half of the base payment would be due at the time the landlord provides notice of an eviction requiring the relocation payment and one half would be due when the tenant vacates the unit. Select data on average rents in Palo Alto is provided as Attachment C, and a comparison of relocation assistance payments required by other California jurisdictions is provided as Attachment D.

The ordinances also propose a single additional payment of \$3,000 where the unit is occupied by a low-income household or one or more the tenants who is elderly, disabled, or a minor child. For qualifying households/tenants, the entirety of the additional \$3,000 payment would be due within 15 days after the tenant notifies the landlord of his or her eligibility.

Staff has proposed to limit the reach of these requirements to sites containing 50 or more rental units. According to County Assessor's records, there are approximately 40 parcels in the City that meet this threshold, of which approximately 15 are affordable housing developments and are therefore exempt from Chapter 9.68 in its entirety.

Timeline

Pursuant to Palo Alto Municipal Code 2.04.270(d), an emergency ordinance requires affirmative votes of four-fifths of the Council Members present to pass and is effectively immediately upon adoption. In the event a landlord has provided notice of eviction prior to the effective date of the ordinance, staff intends these timelines and obligations to take effect once the ordinance is effective.

In addition, staff recommends that the City Council concurrently adopt on first reading a regular ordinance containing substantively the same provisions. This is recommended as a best practice as a safeguard against a procedural challenge to the emergency ordinance. In the event the emergency ordinance is successfully challenged, the regular ordinance will be already in effect, limiting the "gap" in coverage to the brief window between the effective dates of the emergency and regular ordinances.

Resource Impact

As with other elements of the City's Rental Housing Stabilization ordinance, the proposed ordinances will create privately enforceable rights that do not involve the City in administration or enforcement, except that the Director of Planning and Community Environment is authorized to issue explanatory/implementing regulations and will be responsible for annually updating the amounts of relocation assistance required.

Environmental Review

The proposed ordinances are not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") because they have no potential for resulting in physical change in the environment, either directly or ultimately. In the event that the ordinance are found to be a project under CEQA, they are subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a sig

ATTACHMENTS:

- Attachment A: Draft Relocation Assistance Emergency Ordinance (PDF)
- Attachment A-1: Draft Relocation Assistance Regular Ordinance (PDF)
- Attachment B: Draft for Cause Eviction Emergency Ordinance (PDF)
- Attachment B-1: Draft for Cause Eviction Regular Ordinance (PDF)
- Attachment C: Average Rents August 2018 (PDF)
- Attachment D: 2018 Survey of California Cities that Require Relocation Assistance Payments (PDF)
- Attachment E: PAMC 9.68.020 - Definitions (PDF)

Department Head: Molly Stump, City Attorney

ORDINANCE NO. _____

Emergency Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to Require Relocation Assistance for No-Fault Eviction for Multifamily Housing Developments Containing 50 or More Rental Units

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

- (a) There is a significant and prolonged shortage of, but increasing demand for, rental housing in the City of Palo Alto. These conditions have created a housing crisis that is particularly acute for those residents of Palo Alto seeking rental housing.
- (b) Numerous recent studies conclude that the housing crises at the state and local levels have reached emergency levels. An April 2018 report by the California Housing Partnership states that Santa Clara County is facing a “housing emergency,” resulting in a 13% rise in homelessness and demand for almost 60,000 more affordable rental units throughout the county. A May 2018 report by Next 10 ranks California 3rd worst among states in share of household income spent on rental costs and worst in the nation for rental housing over-crowdedness.
- (c) The cost of housing in Palo Alto is among the highest in the world. As of July 2018, the median home sales price is reported at over \$3 million and the median rent is reported as high as \$5,900 per month.
- (d) According to rental market tracking sites Zumper, Trulia, and Rentometer, as of August 2018, the average rent in Palo Alto is approximately \$2,300 per month for a studio, \$2,900 for a one-bedroom, \$4,300 for a two-bedroom, \$5,600 for a three-bedroom, and \$7,000 for a four-bedroom unit.
- (e) Tenants evicted in Palo Alto are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing.
- (f) Move-in costs commonly include first and last month's rent plus a security deposit equal to one month's rent, leading to total relocation expenses in excess of three months' rent.

- (g) Tenants who do not have adequate funds to move and who are forced to move pursuant to no-fault eviction notice face displacement and great hardship.
- (h) The impacts of these no-fault evictions are particularly significant on low-income, elderly, and disabled tenants, and tenants with minor children, justifying an additional payment for households with these tenants.
- (i) Certain no-fault evictions that reduce the number of rental units available, whether on a temporary or permanent basis, exacerbate the housing crisis in Palo Alto, particularly for structures containing 50 or more rental units.
- (j) For the reasons set forth above, the relocation assistance provided in this ordinance is justified and necessary as an emergency measure for evicted tenants to find new housing and avoid displacement and to otherwise preserve the public peace, health, and safety.

SECTION 2. Section 9.68.035 (Relocation Assistance for Certain Displacements) of the Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code is hereby added to read as follows:

9.68.35 Relocation Assistance for No Fault Eviction

- (a) This section shall be applicable only to structures or lots containing 50 or more rental units.
- (b) For the purposes of this section, a “no-fault eviction” means an action by a landlord to recover possession of a rental unit for any reason other than the following:
 1. The tenant has failed to pay rent to which the landlord is legally entitled.
 2. The tenant has violated a lawful obligation or covenant of the tenancy.
 3. The tenant has refused the landlord reasonable access to the unit for the purposes of making repairs or improvements, for any reasonable purpose as permitted by law, or for the purpose of showing the rental unit to any prospective purchaser or tenant.
 4. The tenant is permitting a nuisance to exist in, or is causing damage to, the rental unit.
 5. The tenant is using, or permitting a rental unit to be used for any illegal purpose.
 6. The landlord seeks in good faith to recover possession of the rental unit in order to comply with regulations relating to the qualifications of tenancy established by a governmental entity, where the tenant is no longer qualified.

No fault evictions shall include, without limitation, actions in which the landlord seeks in good faith to recover possession of the rental unit:

7. To demolish or otherwise permanently withdraw the rental unit from offer for rent or lease pursuant to California Government Code sections 7060-7060.7.
 8. To perform work on the building or buildings housing the rental unit that will render the rentable unit uninhabitable;
 9. For use and occupancy by the landlord or the landlord's spouse, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, children, or parents provided the landlord is a natural person.
 10. For no specified cause.
- (c) Whenever a landlord seeks a no-fault eviction, other than temporary displacement of 31 days or fewer, the landlord shall provide a relocation assistance payment as follows:

| 1. Unit Type | Amount |
|--------------------|----------|
| 0 bedrooms | \$7,000 |
| 1 bedroom | \$9,000 |
| 2 bedrooms | \$13,000 |
| 3 or more bedrooms | \$17,000 |

If a rental unit is occupied by two or more tenants, the landlord shall provide each tenant with a proportional share of the required payment. One half of the payment shall be paid at the time that the landlord provides notice of its intent to seek no-fault eviction and one half shall be paid when the tenant vacates the unit.

2. Notwithstanding subsection (c)(1), each rental unit that, at the time the landlord provides notice of its intent to seek no-fault eviction, is occupied by a low-income household as defined in Chapter 16.65, a tenant who is 60 years of age or older, a tenant who is disabled within the meaning of Government Code section 12955.3, or a tenant who is a minor, shall be entitled to a single additional relocation payment of \$3,000. This amount shall be divided equally among the qualifying (i.e. low-income, elderly, disabled, or minor) tenants. In order to receive this additional payment a qualifying tenant must provide written notice to the landlord of his or her eligibility along with supporting evidence within 15 days of receiving the landlord's notice. The entirety of this additional payment shall be paid within 15 days of the tenant's written notice to the landlord.
- (d) Prior to or at the same time that the landlord provides notice of its intent to seek no-fault eviction, the landlord shall serve on the tenant a written notice describing the rights described in this section. The failure to provide this notice shall not operate as a substantive defense to an eviction pursuant to California Government Code sections 7060-7060.7.
- (e) Commencing July 1, 2019, the relocation payments specified in this section shall increase annually at the rate of increase in the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for All

Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding calendar year. Current rates shall be published on the City's website.

- (f) A landlord may request a waiver or adjustment of the relocation assistance payment required by this section only upon a showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property. Requests for waiver or adjustment must be submitted in writing to the Director of Planning and Community Environment together with supporting documentation at least 90 days before the proposed termination of tenancy. Requests shall be acted on by the City Council.
- (g) The Director of Planning and Community Environment may issue regulations implementing this section.

SECTION 3. If any provision, clause, sentence or paragraph of this Ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable. In addition, this Ordinance is enacted to exercise the specific authority provided for in Chapter 12.75 of Division 7 of Title 1 of the California Government Code and reserved to local governments in Chapter 2.7 of Title 5 of Part 4 of Division 3 of the California Civil Code. In the case of any amendment to these chapters or any other provision of State law which amendment is inconsistent with this Ordinance, this Ordinance shall be deemed to be amended to be consistent with State law.

SECTION 4. The City Council finds and determines that this Ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

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SECTION 5. The City Council finds and declares that, for the reasons provided in Section 1, this Ordinance is necessary as an emergency measure for preserving the public peace, health, or safety. Pursuant to Palo Alto Municipal Code section 2.04.270(d), this Ordinance shall take full force and effect immediately upon adoption by a vote of four-fifths of the council members present.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Attorney

City Manager

Director of Planning and Community
Environment

Director of Administrative
Services

ORDINANCE NO. _____

Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to Require Relocation Assistance for No-Fault Eviction for Multifamily Housing Developments Containing 50 or More Rental Units

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

- (a) There is a significant and prolonged shortage of, but increasing demand for, rental housing in the City of Palo Alto. These conditions have created a housing crisis that is particularly acute for those residents of Palo Alto seeking rental housing.
- (b) Numerous recent studies conclude that the housing crises at the state and local levels have reached emergency levels. An April 2018 report by the California Housing Partnership states that Santa Clara County is facing a “housing emergency,” resulting in a 13% rise in homelessness and demand for almost 60,000 more affordable rental units throughout the county. A May 2018 report by Next 10 ranks California 3rd worst among states in share of household income spent on rental costs and worst in the nation for rental housing over-crowdedness.
- (c) The cost of housing in Palo Alto is among the highest in the world. As of July 2018, the median home sales price is reported at over \$3 million and the median rent is reported as high as \$5,900 per month.
- (d) According to rental market tracking sites Zumper, Trulia, and Rentometer, as of August 2018, the average rent in Palo Alto is approximately \$2,300 per month for a studio, \$2,900 for a one-bedroom, \$4,300 for a two-bedroom, \$5,600 for a three-bedroom, and \$7,000 for a four-bedroom unit.
- (e) Tenants evicted in Palo Alto are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing.
- (f) Move-in costs commonly include first and last month's rent plus a security deposit equal to one month's rent, leading to total relocation expenses in excess of three months' rent.

- (g) Tenants who do not have adequate funds to move and who are forced to move pursuant to no-fault eviction notice face displacement and great hardship.
- (h) The impacts of these no-fault evictions are particularly significant on low-income, elderly, and disabled tenants, and tenants with minor children, justifying an additional payment for households with these tenants.
- (i) Certain no-fault evictions that reduce the number of rental units available, whether on a temporary or permanent basis, exacerbate the housing crisis in Palo Alto, particularly for structures containing 50 or more rental units.
- (j) For the reasons set forth above, the relocation assistance provided in this ordinance is justified and necessary as an emergency measure for evicted tenants to find new housing and avoid displacement and to otherwise preserve the public peace, health, and safety.

SECTION 2. Section 9.68.035 (Relocation Assistance for Certain Displacements) of the Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code is hereby added to read as follows:

9.68.35 Relocation Assistance for No Fault Eviction

- (a) This section shall be applicable only to structures or lots containing 50 or more rental units.
- (b) For the purposes of this section, a “no-fault eviction” means an action by a landlord to recover possession of a rental unit for any reason other than the following:
 1. The tenant has failed to pay rent to which the landlord is legally entitled.
 2. The tenant has violated a lawful obligation or covenant of the tenancy.
 3. The tenant has refused the landlord reasonable access to the unit for the purposes of making repairs or improvements, for any reasonable purpose as permitted by law, or for the purpose of showing the rental unit to any prospective purchaser or tenant.
 4. The tenant is permitting a nuisance to exist in, or is causing damage to, the rental unit.
 5. The tenant is using, or permitting a rental unit to be used for any illegal purpose.
 6. The landlord seeks in good faith to recover possession of the rental unit in order to comply with regulations relating to the qualifications of tenancy established by a governmental entity, where the tenant is no longer qualified.

No fault evictions shall include, without limitation, actions in which the landlord seeks in good faith to recover possession of the rental unit:

7. To demolish or otherwise permanently withdraw the rental unit from offer for rent or lease pursuant to California Government Code sections 7060-7060.7.
 8. To perform work on the building or buildings housing the rental unit that will render the rentable unit uninhabitable;
 9. For use and occupancy by the landlord or the landlord's spouse, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, children, or parents provided the landlord is a natural person.
 10. For no specified cause.
- (c) Whenever a landlord seeks a no-fault eviction, other than temporary displacement of 31 days or fewer, the landlord shall provide a relocation assistance payment as follows:

| 1. Unit Type | Amount |
|--------------------|----------|
| 0 bedrooms | \$7,000 |
| 1 bedroom | \$9,000 |
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If a rental unit is occupied by two or more tenants, the landlord shall provide each tenant with a proportional share of the required payment. One half of the payment shall be paid at the time that the landlord provides notice of its intent to seek no-fault eviction and one half shall be paid when the tenant vacates the unit.

2. Notwithstanding subsection (c)(1), each rental unit that, at the time the landlord provides notice of its intent to seek no-fault eviction, is occupied by a low-income household as defined in Chapter 16.65, a tenant who is 60 years of age or older, a tenant who is disabled within the meaning of Government Code section 12955.3, or a tenant who is a minor, shall be entitled to a single additional relocation payment of \$3,000. This amount shall be divided equally among the qualifying (i.e. low-income, elderly, disabled, or minor) tenants. In order to receive this additional payment a qualifying tenant must provide written notice to the landlord of his or her eligibility along with supporting evidence within 15 days of receiving the landlord's notice. The entirety of this additional payment shall be paid within 15 days of the tenant's written notice to the landlord.
- (d) Prior to or at the same time that the landlord provides notice of its intent to seek no-fault eviction, the landlord shall serve on the tenant a written notice describing the rights described in this section. The failure to provide this notice shall not operate as a substantive defense to an eviction pursuant to California Government Code sections 7060-7060.7.
- (e) Commencing July 1, 2019, the relocation payments specified in this section shall increase annually at the rate of increase in the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for All

Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding calendar year. Current rates shall be published on the City's website.

- (f) A landlord may request a waiver or adjustment of the relocation assistance payment required by this section only upon a showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property. Requests for waiver or adjustment must be submitted in writing to the Director of Planning and Community Environment together with supporting documentation at least 90 days before the proposed termination of tenancy. Requests shall be acted on by the City Council.
- (g) The Director of Planning and Community Environment may issue regulations implementing this section.

SECTION 3. If any provision, clause, sentence or paragraph of this Ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable. In addition, this Ordinance is enacted to exercise the specific authority provided for in Chapter 12.75 of Division 7 of Title 1 of the California Government Code and reserved to local governments in Chapter 2.7 of Title 5 of Part 4 of Division 3 of the California Civil Code. In the case of any amendment to these chapters or any other provision of State law which amendment is inconsistent with this Ordinance, this Ordinance shall be deemed to be amended to be consistent with State law.

SECTION 4. The City Council finds and determines that this Ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

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SECTION 5.
date of its adoption.

This ordinance shall be effective on the thirty-first date after the

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Mayor

APPROVED:

City Manager

Director of Planning and Community
Environment

Director of Administrative
Services

ORDINANCE NO. _____

Emergency Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to Require Cause for Eviction and Relocation Assistance for No-Fault Eviction for Multifamily Housing Developments Containing 50 or More Rental Units

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- (b) Numerous recent studies conclude that the housing crises at the state and local levels have reached emergency levels. An April 2018 report by the California Housing Partnership states that Santa Clara County is facing a “housing emergency,” resulting in a 13% rise in homelessness and demand for almost 60,000 more affordable rental units throughout the county. A May 2018 report by Next 10 ranks California 3rd worst among states in share of household income spent on rental costs and worst in the nation for rental housing over-crowdedness.
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- (e) Tenants evicted in Palo Alto are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing.
- (f) Move-in costs commonly include first and last month's rent plus a security deposit equal to one month's rent, leading to total relocation expenses in excess of three months' rent.

- (g) Tenants who do not have adequate funds to move and who are forced to move pursuant to an eviction notice face displacement and great hardship.
- (h) The impacts of evictions are particularly significant on low-income, elderly, and disabled tenants, and tenants with minor children, justifying an additional payment for households with these tenants.
- (i) Evictions for causes that reduce the number of rental units available, whether on a temporary or permanent basis, exacerbate the housing crisis in Palo Alto, particularly for structures containing 50 or more rental units.
- (j) For the reasons set forth above, the for-cause eviction measures provided in this ordinance are justified and necessary as an emergency measure to protect tenants from unfair or arbitrary eviction and to otherwise preserve the public peace, health, and safety.
- (k) For the reasons set forth above, the relocation assistance provided in this ordinance is justified and necessary as an emergency measure for evicted tenants to find new housing and avoid displacement and to otherwise preserve the public peace, health, and safety.

SECTION 2. Section 9.68.035 (Just Cause for Eviction and Relocation Assistance) of the Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code is hereby added to read as follows:

9.68.35 Just Cause for Eviction and Relocation Assistance

- (a) This section shall be applicable only to structures or lots containing 50 or more rental units.
- (b) Notwithstanding California Civil Code Section 1946, a landlord may bring an action to recover possession of a rental unit only upon the following grounds:
 1. The tenant has failed to pay rent to which the landlord is legally entitled.
 2. The tenant has violated a lawful obligation or covenant of the tenancy, other than the obligation to surrender possession upon proper notice.
 3. The tenant has refused the landlord reasonable access to the unit for the purposes of making repairs or improvements, for any reasonable purpose as permitted by law, or for the purpose of showing the rental unit to any prospective purchaser or tenant.
 4. The tenant is permitting a nuisance to exist in, or is causing damage to, the rental unit.
 5. The tenant is using or permitting a rental unit to be used for any illegal purpose.

6. The landlord seeks in good faith to recover possession of the rental unit in order to comply with regulations relating to the qualifications of tenancy established by a governmental entity, where the tenant is no longer qualified.
7. To demolish or otherwise permanently withdraw the rental unit from offer for rent or lease pursuant to California Government Code sections 7060-7060.7.
8. To perform work on the building or buildings housing the rental unit that will render the rentable unit uninhabitable.
9. For use and occupancy by the landlord or the landlord's spouse, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, children, or parents, provided the landlord is a natural person.

(c) Whenever a landlord seeks an eviction for the reasons stated in subsections (b)(7), (b)(8), or (b)(9) (a "no-fault eviction"), other than temporary displacement of 31 days or fewer, the landlord shall provide a relocation assistance payment as follows:

| 1. Unit Type | Amount |
|--------------------|----------|
| 0 bedrooms | \$7,000 |
| 1 bedroom | \$9,000 |
| 2 bedrooms | \$13,000 |
| 3 or more bedrooms | \$17,000 |

If a rental unit is occupied by two or more tenants, the landlord shall provide each tenant with a proportional share of the required payment. One half of the payment shall be paid at the time that the landlord provides notice of its intent to seek no-fault eviction and one half shall be paid when the tenant vacates the unit.

2. Notwithstanding subsection (c)(1), each rental unit that, at the time the landlord provides notice of its intent to seek no-fault eviction, is occupied by a low-income household as defined in Chapter 16.65, a tenant who is 60 years of age or older, a tenant who is disabled within the meaning of Government Code section 12955.3, or a tenant who is a minor, shall be entitled to a single additional relocation payment of \$3,000. This amount shall be divided equally among the qualifying (i.e. low-income, elderly, disabled, or minor) tenants. In order to receive this additional payment a qualifying tenant must provide written notice to the landlord of his or her eligibility along with supporting evidence within 15 days of receiving the landlord's notice. The entirety of this additional payment shall be paid within 15 days of the tenant's written notice to the landlord.

(d) Prior to or at the same time that the landlord provides notice of its intent to seek no-fault eviction, the landlord shall serve on the tenant a written notice describing the rights described in subsection (c). The failure to provide this

notice shall not operate as a substantive defense to an eviction pursuant to California Government Code sections 7060-7060.7.

- (e) Commencing July 1, 2019, the relocation payments specified in this subsection (c) shall increase annually at the rate of increase in the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding calendar year. Current rates shall be published on the City's website.
- (f) A landlord may request a waiver or adjustment of the relocation assistance payment required by this section only upon a showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property. Requests for waiver or adjustment must be submitted in writing to the Director of Planning and Community Environment together with supporting documentation at least 90 days before the proposed termination of tenancy. Requests shall be acted on by the City Council.
- (g) The Director of Planning and Community Environment may issue regulations implementing this section.

SECTION 3. If any provision, clause, sentence or paragraph of this Ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable. In addition, this Ordinance is enacted to exercise the specific authority provided for in Chapter 12.75 of Division 7 of Title 1 of the California Government Code and reserved to local governments in Chapter 2.7 of Title 5 of Part 4 of Division 3 of the California Civil Code. In the case of any amendment to these chapters or any other provision of State law which amendment is inconsistent with this Ordinance, this Ordinance shall be deemed to be amended to be consistent with State law.

SECTION 4. The City Council finds and determines that this Ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

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SECTION 5. The City Council finds and declares that, for the reasons provided in Section 1, this Ordinance is necessary as an emergency measure for preserving the public peace, health, or safety. Pursuant to Palo Alto Municipal Code section 2.04.270(d), this Ordinance shall take full force and effect immediately upon adoption by a vote of four-fifths of the council members present.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Attorney

City Manager

Director of Planning and Community
Environment

Director of Administrative
Services

ORDINANCE NO. _____

Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to Require Cause for Eviction and Relocation Assistance for No-Fault Eviction for Multifamily Housing Developments Containing 50 or More Rental Units

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

- (a) There is a significant and prolonged shortage of, but increasing demand for, rental housing in the City of Palo Alto. These conditions have created a housing crisis that is particularly acute for those residents of Palo Alto seeking rental housing.
- (b) Numerous recent studies conclude that the housing crises at the state and local levels have reached emergency levels. An April 2018 report by the California Housing Partnership states that Santa Clara County is facing a “housing emergency,” resulting in a 13% rise in homelessness and demand for almost 60,000 more affordable rental units throughout the county. A May 2018 report by Next 10 ranks California 3rd worst among states in share of household income spent on rental costs and worst in the nation for rental housing over-crowdedness.
- (c) The cost of housing in Palo Alto is among the highest in the world. As of July 2018, the median home sales price is reported at over \$3 million and the median rent is reported as high as \$5,900 per month.
- (d) According to rental market tracking sites Zumper, Trulia, and Rentometer, as of August 2018, the average rent in Palo Alto is approximately \$2,300 per month for a studio, \$2,900 for a one-bedroom, \$4,300 for a two-bedroom, \$5,600 for a three-bedroom, and \$7,000 for a four-bedroom unit.
- (e) Tenants evicted in Palo Alto are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing.
- (f) Move-in costs commonly include first and last month's rent plus a security deposit equal to one month's rent, leading to total relocation expenses in excess of three months' rent.

- (g) Tenants who do not have adequate funds to move and who are forced to move pursuant to an eviction notice face displacement and great hardship.
- (h) The impacts of evictions are particularly significant on low-income, elderly, and disabled tenants, and tenants with minor children, justifying an additional payment for households with these tenants.
- (i) Evictions for causes that reduce the number of rental units available, whether on a temporary or permanent basis, exacerbate the housing crisis in Palo Alto, particularly for structures containing 50 or more rental units.
- (j) For the reasons set forth above, the for-cause eviction measures provided in this ordinance are justified and necessary as an emergency measure to protect tenants from unfair or arbitrary eviction and to otherwise preserve the public peace, health, and safety.
- (k) For the reasons set forth above, the relocation assistance provided in this ordinance is justified and necessary as an emergency measure for evicted tenants to find new housing and avoid displacement and to otherwise preserve the public peace, health, and safety.

SECTION 2. Section 9.68.035 (Just Cause for Eviction and Relocation Assistance) of the Chapter 9.68 (Rental Housing Stabilization) of Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code is hereby added to read as follows:

9.68.35 Just Cause for Eviction and Relocation Assistance

- (a) This section shall be applicable only to structures or lots containing 50 or more rental units.
- (b) Notwithstanding California Civil Code Section 1946, a landlord may bring an action to recover possession of a rental unit only upon the following grounds:
 1. The tenant has failed to pay rent to which the landlord is legally entitled.
 2. The tenant has violated a lawful obligation or covenant of the tenancy, other than the obligation to surrender possession upon proper notice.
 3. The tenant has refused the landlord reasonable access to the unit for the purposes of making repairs or improvements, for any reasonable purpose as permitted by law, or for the purpose of showing the rental unit to any prospective purchaser or tenant.
 4. The tenant is permitting a nuisance to exist in, or is causing damage to, the rental unit.
 5. The tenant is using or permitting a rental unit to be used for any illegal purpose.

6. The landlord seeks in good faith to recover possession of the rental unit in order to comply with regulations relating to the qualifications of tenancy established by a governmental entity, where the tenant is no longer qualified.
 7. To demolish or otherwise permanently withdraw the rental unit from offer for rent or lease pursuant to California Government Code sections 7060-7060.7.
 8. To perform work on the building or buildings housing the rental unit that will render the rentable unit uninhabitable.
 9. For use and occupancy by the landlord or the landlord's spouse, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, children, or parents, provided the landlord is a natural person.
- (c) Whenever a landlord seeks an eviction for the reasons stated in subsections (b)(7), (b)(8), or (b)(9) (a "no-fault eviction"), other than temporary displacement of 31 days or fewer, the landlord shall provide a relocation assistance payment as follows:

| 1. Unit Type | Amount |
|--------------------|----------|
| 0 bedrooms | \$7,000 |
| 1 bedroom | \$9,000 |
| 2 bedrooms | \$13,000 |
| 3 or more bedrooms | \$17,000 |

If a rental unit is occupied by two or more tenants, the landlord shall provide each tenant with a proportional share of the required payment. One half of the payment shall be paid at the time that the landlord provides notice of its intent to seek no-fault eviction and one half shall be paid when the tenant vacates the unit.

2. Notwithstanding subsection (c)(1), each rental unit that, at the time the landlord provides notice of its intent to seek no-fault eviction, is occupied by a low-income household as defined in Chapter 16.65, a tenant who is 60 years of age or older, a tenant who is disabled within the meaning of Government Code section 12955.3, or a tenant who is a minor, shall be entitled to a single additional relocation payment of \$3,000. This amount shall be divided equally among the qualifying (i.e. low-income, elderly, disabled, or minor) tenants. In order to receive this additional payment a qualifying tenant must provide written notice to the landlord of his or her eligibility along with supporting evidence within 15 days of receiving the landlord's notice. The entirety of this additional payment shall be paid within 15 days of the tenant's written notice to the landlord.
- (d) Prior to or at the same time that the landlord provides notice of its intent to seek no-fault eviction, the landlord shall serve on the tenant a written notice describing the rights described in subsection (c). The failure to provide this

notice shall not operate as a substantive defense to an eviction pursuant to California Government Code sections 7060-7060.7.

- (e) Commencing July 1, 2019, the relocation payments specified in this subsection (c) shall increase annually at the rate of increase in the "rent of primary residence" expenditure category of the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose Region for the preceding calendar year. Current rates shall be published on the City's website.
- (f) A landlord may request a waiver or adjustment of the relocation assistance payment required by this section only upon a showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property. Requests for waiver or adjustment must be submitted in writing to the Director of Planning and Community Environment together with supporting documentation at least 90 days before the proposed termination of tenancy. Requests shall be acted on by the City Council.
- (g) The Director of Planning and Community Environment may issue regulations implementing this section.

SECTION 3. If any provision, clause, sentence or paragraph of this Ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable. In addition, this Ordinance is enacted to exercise the specific authority provided for in Chapter 12.75 of Division 7 of Title 1 of the California Government Code and reserved to local governments in Chapter 2.7 of Title 5 of Part 4 of Division 3 of the California Civil Code. In the case of any amendment to these chapters or any other provision of State law which amendment is inconsistent with this Ordinance, this Ordinance shall be deemed to be amended to be consistent with State law.

SECTION 4. The City Council finds and determines that this Ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment.

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SECTION 5. This ordinance shall be effective on the thirty-first date after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Mayor

APPROVED:

City Manager

Director of Planning and Community
Environment

Director of Administrative
Services



AVERAGE RENT

Bedroom Cou...

Palo Alto

| | |
|-----------|---------|
| Studio | \$2,300 |
| 1 Bedroom | \$2,970 |
| 2 Bedroom | \$4,372 |
| 3 Bedroom | \$5,478 |
| 4 Bedroom | \$6,973 |

Median rents as of Aug 11, 2018.

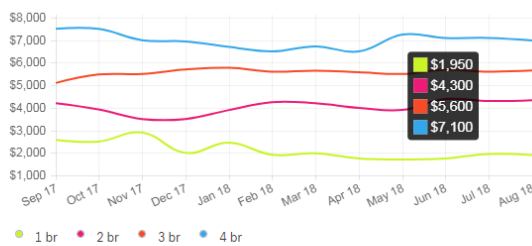
Zumper.com, retrieved August 17, 2018

Median Rent in Palo Alto

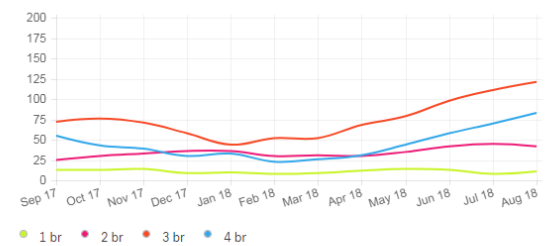
1 Br
 2 Br
 3 Br
 4 Br
 All properties

6 mo **1 yr**

Median Rent



Number of Rentals



Trulia.com, retrieved August 17, 2018

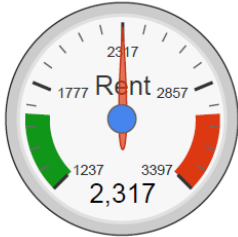


Palo Alto, CA

Rentometer, Inc.
www.rentometer.com
feedback@rentometer.com

Report generated: 17 Aug 2018
Radius: 2.00 mile
studio bedroom
Max age: 12 months

Results based on 16, studio bedroom rentals seen within 12 months in a 2.00 mile radius



AVERAGE
\$2,317 ±6%

MEDIAN
\$2,295

\$1,775-\$3,485
80%

\$1,950-\$2,600
60%



Address: Palo Alto, CA

Rentometer, Inc.
www.rentometer.com
feedback@rentometer.com

Report generated: 17 Aug 2018
Radius: 1.00 mile
Max age: 12 months

| 1 - 4 Bed Summary | 1 bed | 2 bed | 3 bed | 4 bed |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| Average Rent | \$2,736 ±3% | \$4,094 ±3% | \$6,251 ±2% | \$7,640 ±6% |
| Median Rent | \$2,800 | \$3,800 | \$6,290 | \$7,700 |
| 80% Rent Range | \$1,750 - 3,595 | \$2,800 - 5,900 | \$4,600 - 8,000 | \$5,900 - 9,250 |
| 60% Rent Range | \$2,395 - 3,195 | \$3,295 - 4,800 | \$5,250 - 7,200 | \$6,100 - 8,950 |
| Standard Deviation | \$638 | \$1,200 | \$1,200 | \$1,346 |
| Sample Size | 47 | 81 | 76 | 10 |

Survey of California Cities that Require Relocation Assistance Payments

I. Jurisdictions that structure payment by size of unit

| | Studio | 1 bd | 2bd | 3bd | Additional payment for units w/ qualifying tenants |
|----------------|---------|----------|----------|----------|--|
| Beverly Hills | \$6,446 | \$9,523 | \$12,902 | | \$2,000 |
| Oakland | \$6,876 | \$6,876 | \$8,462 | \$10,446 | \$2,500 |
| Richmond* | \$7,035 | \$10,784 | \$14,635 | | \$1,000-\$2,200 |
| San Jose | \$6,925 | \$8,400 | \$10,353 | \$12,414 | \$2,770-\$4,966 |
| Santa Monica | \$9,950 | \$15,300 | \$20,750 | | \$1,500-\$3,000 |
| West Hollywood | \$7,121 | \$10,055 | \$13,544 | \$17,875 | \$18,851 - \$23,738* |

* Required payments are approximately 50% lower for “owner move-in” evictions

** A total payment of \$18,851 is provided to units in which a tenant is elderly, disabled, terminally ill, a dependent minor, or moderate income (up to 120% of AMI); a total payment of \$23,738 is provided for units in which a tenant is lower income (up to 80% of AMI).

II. Jurisdictions that structure payment by tenant

| | Payment per tenant | Maximum per unit | Additional payment for qualifying tenants |
|-----------------------------|-------------------------------|------------------|---|
| East Palo Alto ¹ | \$10,000 | none | \$2,500 |
| Los Angeles | \$7,900-\$10,750 ² | none | Total payment is approximately double |
| San Francisco | \$6,630 | \$19,890 | \$4,190 |

¹ For condo conversions only; published amount not updated since 2012.

² Amount varies depending on length of tenancy, income, and whether the landlord is a “mom and pop” landlord.

III. Jurisdictions that structure payment by other means

| | Requirement payment | Additional payment for units w. qualifying tenants |
|-----------------------|---|--|
| Alameda | 4x fair market rent + \$1,595 | none |
| Berkeley ^a | \$15,000 | \$5,000 |
| Glendale | 2x fair market rent + \$1,000 | none |
| Mountain View | 3x fair market rent + payment for rental placement services | \$3,000 |

^a Required for Ellis Act and owner move-in evictions only.

9.68.020 Definitions.

(a) "Landlord" means an owner, lessor, or sublessor, or the agent, representative, or successor of any of the foregoing persons who receives, or is entitled to receive, rent for the use and occupancy of any rental unit or portion thereof.

(b) "Rent" means the consideration, including any bonus, benefit, or gratuity demanded or received by a landlord for or in connection with the use or occupancy of a rental unit.

(c) "Rent increase" means any additional rent demanded of or paid by a tenant for a rental unit.

(d) "Rental unit" means a dwelling unit in the city of Palo Alto with the land and appurtenant buildings thereto and all housing services, privileges, and facilities supplied in connection with the use or occupancy thereof, which unit is in a multiple-family dwelling (including a duplex), boardinghouse, lodginghouse, or mobilehome park. The term "rental unit" shall not include:

(1) A single-family dwelling;

(2) Rooms or accommodations in hotels, boardinghouses, or lodginghouses which are rented to transient guests for a period of less than thirty days;

(3) Dwelling units in a condominium, community apartment, planned development or stock cooperative as defined in [Chapter 21.40](#), or in a limited equity stock cooperative as defined in the California Business and Professions Code;

(4) Dwelling units in which housing accommodations are shared by landlord and tenant;

(5) Housing accommodations in any hospital, extended care facility, asylum, nonprofit home for the aged, or in dormitories owned and operated by an institution of higher education, a high school or an elementary school;

(6) Housing accommodations rented by a medical institution which are then subleased to a patient or patient's family;

(7) Dwelling units whose rents are controlled or regulated by any government unit, agency, or authority, or whose rent is subsidized by any government unit, agency, or authority; or

(8) Dwelling units acquired by the city of Palo Alto or any other governmental unit, agency or authority and intended to be used for a public purpose.

(e) "Tenant" means a person or persons entitled by written or oral agreement to occupy a rental unit to the exclusion of others.

(Ord. 3420 §§ 1 and 2, 1983; Ord. 3327 § 1, 1982; Ord. 3252 § 1 (part), 1980)