



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: August 7, 2023

Report #:2306-1620

TITLE

PUBLIC HEARING: Adoption of an Ordinance Amending Section 9.68.010 (Purpose) and Section 9.68.040 (Just Cause Evictions Required) in Palo Alto Municipal Code Chapter 9.68, Rental Housing Stabilization, to Reduce the Minimum Time Period Required for Renters to Qualify for Just Cause Eviction Protections. CEQA status—exempt under CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION

Staff recommends that the City Council adopt the attached Ordinance (Attachment A) amending Section 9.68.010 (Purpose) and Section 9.68.040 (Just Cause Evictions Required) in Palo Alto Municipal Code Chapter 9.68, Rental Housing Stabilization, to reduce the minimum time period required for renters to qualify for just cause eviction protections.

BACKGROUND

On June 5, 2023, the City Council introduced Ordinance No. 5589¹ to extend just cause eviction protections to more rental units in Palo Alto when compared with state law and to establish a security deposit limit for unfurnished rental units. Additionally, Council directed staff to return in August 2023 on the Consent calendar with an ordinance that halves the minimum time period for renters to qualify for just cause eviction protections; City Council directed reducing the timeframe for which a renter must lawfully and continuously occupy a rental unit from twelve (12) months to six (6) months. City Council also directed halving other rental unit occupancy timeframe exemption periods when a new adult renter(s) is added to existing rental unit leases.

For additional details and discussion, please see the June 5, 2023 Council report and the June 5, 2023 Council meeting minutes.²

¹ Ordinance No. 5589 -Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 (Rental Housing Stabilization) to Clarify the Definitions of At-Fault and No-Fault Just Cause for Evictions, Extend Just Cause Eviction Protections to More Rental Units in Palo Alto than Offered by State Law, and to Enact a Security Deposit Limit for Unfurnished Rental Units in Palo Alto, Introduced June 5, 2023, Passed June 19, 2023:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=66416&repo=r-704298fc>.

² City Council Report, 06/05/2023 (Item #13):

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=12530>.

ANALYSIS

For renters covered by the Palo Alto just cause eviction protection ordinance, these local eviction protections require landlords to:

- Terminate tenancies only for “just cause,” which could be either “at fault,” usually when the renter is in non-compliance with their rental agreement, or “no fault,” when the reason is justifiable but not within the renter’s control,
- Give renters notice of their right to just cause evictions in the future,
- State the specific just cause reason justifying an eviction in a termination notice sent to a renter,
- Provide renters with the opportunity to cure a curable lease violation prior to issuing a termination notice, and
- Provide financial relocation assistance or a rent waiver to renters in cases of a “no fault” just cause termination.

As directed by City Council on June 5, 2023, staff prepared a draft ordinance (Attachment A) that reduces the rental unit occupancy timeframe for renters to qualify for Palo Alto’s just cause eviction protections. The draft ordinance (Attachment A) amends Palo Alto’s recently adopted just cause eviction protection ordinance to reduce the minimum time period required for renters to qualify for just cause eviction protections from twelve (12) months to six (6) months for Palo Alto renters. The minimum time period is also halved for instances when a new adult renter(s) is added to existing rental unit leases. This reduced timeframe recognizes the potential for housing instability in the event of a no-fault eviction, including the initial outlay of overall move-in costs, especially for cost-burdened renters. The minor code amendments are limited to PAMC Sections 9.68.010 and 9.68.040(b) and (d).

Palo Alto’s just cause eviction protections remain more protective than those in state law enacted through California Assembly Bill 1842 (2019), the Tenant Protection Act, because more Palo Alto rental circumstances qualify for eviction protections than those outlined in state law.

TIMELINE

If City Council takes action to approve the draft ordinance (Attachment A), the second reading is tentatively scheduled for August 21, 2023. The ordinance would become effective 30 days after the second reading, tentatively September 20, 2023.

FISCAL/RESOURCE IMPACT

The draft ordinance was prepared using existing City staffing resources. No additional staff or budget resources are necessary to adopt and codify the ordinance. If adopted, staff would conduct community outreach regarding the new regulatory requirements for landlords and protections for tenants; this too could be absorbed in the department’s budget.

As previously reported, City staff would not be involved in the enforcement of this ordinance. If the City Council were interested in directing staff to enforce this or other local renter protection ordinances, additional fiscal impact analysis would be required. It is anticipated city enforcement

would substantially impact the City's Code Enforcement program, require additional managerial support in Planning, and have significant resource impacts to the City Attorney's office.

POLICY IMPLICATIONS

Pursuing renter protection policy work is consistent with the goals in the City's 2030 Comprehensive Plan to provide adequate housing for all. Additionally, the renter protection policy work is consistent with the policies and programs in the Council adopted 2023-2031 Housing Element. Therefore, it is anticipated that this action would support the implementation of the Housing Element. These topics are considered a means to affirmatively further fair housing within Palo Alto, as well as a means by which to promote certainty, stability, and fairness in the rental market.

STAKEHOLDER ENGAGEMENT

While preparing this report, staff sent email notifications to identified stakeholders informing them of this draft ordinance. Staff placed an ad in the Daily Post newspaper on July 28, 2023, ten days in advance of the hearing. Staff mailed notice postcards on July 24, 2023, to property owners of Palo Alto parcels identified in the City's GIS database as having rental units.

ENVIRONMENTAL REVIEW

The California Public Resources Code § 21065 includes a definition of a "project" as subject to the California Environmental Quality Act (CEQA) if it is an activity directly undertaken by a public agency which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. This project is exempt from the provisions of the CEQA, pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

ATTACHMENTS

Attachment A: Draft Ordinance

APPROVED BY:

Jonathan Lait, Planning and Development Services Director