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DATE: December 16, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Dylan Brady, Assistant City Attorney

SUBJECT: Resolution Adopting the “City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy” Pursuant to California Health & Safety Code Sections 17975 through 17975.10

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### **RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution adopting the “City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate” pursuant to Health & Safety Code Section 17975 et. seq.

### **BACKGROUND**

Residential tenants displaced due to urgent health and safety concerns often face significant barriers in finding affordable temporary housing while their units are being repaired or finding other permanent, affordable options. These challenges can impose a substantial financial burden on displaced tenants, who may also need interim shelter, public health support, transportation, storage, and other services due to both the health risks of unsafe housing and the sudden needs arising from their eviction.

California Health and Safety Code (HSC) Sections 17975-17975.10 provide a framework for tenant relocation assistance when tenants are displaced from their homes due to uninhabitable conditions not caused by their own actions. These statutes aim to protect tenants facing involuntary displacement due to hazardous or unsafe housing conditions and to ensure that landlords bear the financial responsibility for relocation costs in cases where the owner’s actions or negligence have led to uninhabitability.

The proposed policy, attached to the Resolution as Exhibit A, complies with Health and Safety Code Sections 17975-17975.10, and establishes the conditions under which the City of Petaluma (City) may advance relocation assistance benefits to displaced tenants in compliance with section the Health and Safety Code. This policy also provides an appeals process for property owners who receive orders from the City to pay relocation benefits.

## **DISCUSSION**

The proposed “City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy”, (Policy), attached to the concurrent Resolution, establishes a framework for addressing tenant displacement caused by unsafe or hazardous living conditions. This Policy underscores the City Council’s commitment to holding property owners accountable for the maintenance of habitable housing and ensuring that tenants forced to vacate, through no fault of their own, are provided with adequate relocation costs to secure alternative accommodations. Tenants whose actions—or those of their guests—contributed substantially to the uninhabitable state of the property are excluded from receiving benefits, ensuring that assistance is focused on those most impacted by the owner’s failure to maintain the property.

Property owners are required to provide relocation payments equal to two months of fair market rent (FMR) for Sonoma County, as determined by the U.S. Department of Housing and Urban Development (HUD). The table below is the FMR for Sonoma County as determined by HUD For the FY’s 2024 and 2025.

<b>Final FY 2025 &amp; Final FY 2024 FMRs By Unit Bedrooms</b>					
<b>Year</b>	<b><u>Efficiency</u></b>	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>	<b><u>Four-Bedroom</u></b>
FY 2025 FMR	\$1,537	\$1,709	\$2,242	\$3,062	\$3,240
<u>FY 2024 FMR</u>	\$1,611	\$1,809	\$2,377	\$3,228	\$3,425

FMR rates provide a standardized basis for ensuring displaced tenants have the financial means to secure alternative housing. Additionally, relocation payments must include utility service deposits and are cumulative to any other assistance that the tenant is entitled by law to recover like security deposits.

To protect tenants in situations where property owners fail to fulfill their obligations, the Policy allows the City may advance relocation payments and recover these costs from property owners. The Policy authorizes the City to seek reimbursement of up to 150% of the funds advanced, capped at \$10,000, and the City’s actual costs of administering benefits to the displaced tenant. These costs can be recovered through a lien against the property. This ensures that tenants receive timely support while holding property owners financially accountable.

The policy also includes an appeals process for property owners who are ordered by the City to pay relocation benefits, providing due process to the property owner to address disputes or demonstrate compliance. Property owners retain the right to appeal determinations regarding tenant relocation payments first to the City Manager or their designee and then to City Council.

City staff recommends the adoption of the proposed Tenant Relocation Assistance Benefits Policy to formalize the City’s approach to addressing tenant displacement due to uninhabitable living conditions. This proactive measure supports housing security, aligns with state mandates, and advances the City’s commitment to resident welfare.

Staff have already coordinated with Fire, Code Enforcement, and the Building Department to discuss the implementation of this Policy. As a result, if adopted, staff will be fully prepared to implement the Policy without delay.

### **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on December 2, 2024 which was a publicly-noticed meeting.

### **COUNCIL GOAL ALIGNMENT**

Adopting the City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy, in accordance with the Health and Safety Code aligns with City Council's goals, particularly in fostering "A Safe Community That Thrives." This goal emphasizes creating a healthy, resilient, and engaged community that is prepared, safe, and housed. The Policy promotes housing stability and mitigates the adverse effects of displacement, contributing to a safer and more secure community. Furthermore, the program aligns with the city's commitment to equity and inclusivity by protecting vulnerable populations from sudden housing loss and fostering a supportive environment for all residents.

### **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

While the policy primarily addresses social equity, it also indirectly supports environmental sustainability by aligning with the City's climate action goals and commitment to resilience. By helping tenants remain within the community, it may reduce the need for long commutes, thereby lowering transportation-related greenhouse gas (GHG) emissions.

### **ENVIRONMENTAL REVIEW**

Adopting the policy is exempt from the requirements of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15378(b)(4), as it does not meet CEQA's definition of a "project." This is because the action will not result in a direct or reasonably foreseeable indirect physical change in the environment and constitutes organizational or administrative activities of government that do not lead to physical changes in the environment. Additionally, the policy qualifies for the common-sense exemption (CEQA Guidelines Section 15061(b)(3)), as it can be seen with certainty that there is no possibility the policy will have a significant effect on the environment for the same reasons.

### **FINANCIAL IMPACTS**

Adopting this Policy will have some financial impact on the City, primarily in the form of administrative costs and potential costs associated with providing relocation assistance if a property owner fails to do so in a timely manner. However, the policy includes a mechanism for the City to recover these costs at 150% of the amount provided—up to \$10,000—plus associated administrative expenses, ensuring that the City can offset its expenditures effectively.

## **ALTERNATIVES**

City Council could choose to not adopt the proposed Policy.

## **ATTACHMENTS**

1. Resolution adopting the “City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy”
  - A. City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy