

Draft Recommendations for the City of San Jose Ellis Act

Released for public comment January 18, 2017
Written comments must be received by 5pm on March 3, 2017

Please email comments to EllisAct@sanjoseca.gov or
send hard copy comments to
Attention: Rachel VanderVeen, 200 East Santa Clara St., 12th Floor, San Jose CA 95113

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Attachments

- A. Relocation Benefit Matrix
- B. Approximate Filing Fee

Public Meetings:

- February 8: City Hall Wing Rooms 118-120 6:30-8:30pm
- February 15: Bascom Community Center 6:30-8:30pm
- February 27: Cypress Community Center 6:30-8:30pm
- March 9: HCDC Meeting – City Hall Wing Rooms 5:45pm

Purpose of this Document

The purpose of this document is to provide draft recommendations for public review regarding the proposed San Jose Ellis Act Ordinance (Ellis Act Ordinance), as directed by the City Council on May 10, 2016. This draft ordinance was released on January 18, 2017 and are available for a 45-day public comment period. Written comments are due to City staff by March 3, 2017.

Background

The State Ellis Act (California Government Code sections 7060-7060.7) provides owners of properties with rent stabilized buildings the right to permanently remove those buildings from the residential market in order to use the buildings or property for a different use. State law also allows cities with rent stabilization ordinances to adopt legislation to regulate the removal of such buildings from the market. The local ordinance may include provisions such as requiring the property owner to provide relocation benefits, requiring that buildings that are removed are subject to re-control for five years, and a right of tenants to return if the buildings are returned to the rental market within ten years.

On May 10, 2016 the City Council directed staff to develop a local Ellis Act Ordinance to address the removal of rent stabilized properties from the rental market. A local Ellis Act Ordinance creates a standardized and formalized process for issuing notices, providing relocation benefits, and creating some protections for tenants when a rent stabilized property owner makes the financial decision to remove their property from the rental housing business.

The draft Ellis Act Ordinance does not prevent a property from being removed from the residential rental market. It will regulate removal of the rent stabilized buildings, including requiring relocation benefits and subjecting buildings that are removed are subject to re-control for five years, and providing tenants a right of return if the buildings are returned to the rental market within ten years. In California, all seven (7) cities with active rent stabilization programs have local Ellis ordinances. These ordinances work in concert with the municipality's rent stabilization and eviction protections by ensuring that tenants are not displaced prior to the filing of an Ellis petition as a way to avoid paying relocation benefits. All other cities with an Ellis Act also have a Just/Good Cause for eviction ordinance that includes the Ellis Act as a no-fault cause for termination of tenancy, and provides relocation benefits to impacted tenants.

Without a local Ellis Act Ordinance, tenants could be displaced without benefits and the City could experience a significant loss of affordable housing stock as developers demolish rent stabilized buildings. Any conditions on demolition or removal of a building from the rental market would be dependent on the owners need for a discretionary land use approval and that approval being considered while tenants still occupy the building and attend hearings to request mitigation when the project conditions are imposed.

Integration with Other Regulations

It is important to note that without a local Good Cause for Eviction Ordinance there may be circumstances when Owners use the no-cause noticing periods created under the Apartment Rent Ordinance to lawfully terminate the tenancy of households prior to filing an Ellis Act petition as a way to avoid paying relocation fees for that household. This draft ordinance attempts to remove the financial incentive for an owner to prematurely give a no-cause notice to vacate ahead of filing a Notice of Intent to Withdraw, but it may not be as effective as providing good cause protections.

Process to Date

Staff met with a wide range of stakeholders while developing the proposed Ellis Act ordinance. With the assistance of the California Apartment Association and the Rental Rights Coalition the Department met with Property owners and Managers of small properties, large properties, and a variety of Tenants and tenant advocates on multiple occasions. The Department also hosted three public meetings on the proposed ordinance. Staff was invited to attend four additional meetings hosted by stakeholders.

Public Meetings:

November 7th – Cypress Community Center

November 14th – San Jose City Hall

November 16th – Bascom Community Center

December 5th – Housing & Community Development Commission

Stakeholder Meetings – Invited By:

November 30th – Santee Tenants

December 4th – Small Property Owners

December 13th – Sacred Heart Community Service

December 19th – Reserve Apartment Tenants

DRAFT

Chapter 17.23 Part 9 ELLIS ACT ORDINANCE: RELOCATION, RIGHT TO RETURN, AND OTHER BENEFITS TO TENANTS OF CERTAIN DWELLING UNITS EXCLUDING MOBILEHOMES AND MOBILEHOME PARKS

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PART 9. ELLIS ACT ORDINANCE

17.23.900 Title.

This Part shall be known as the "Ellis Act Ordinance."

17.23.910 Policy and purposes declaration.

A. Owners of residential rental property are entitled to certain rights under California Government Code sections 7060 – 7060.7 (the "Ellis Act"). The purposes of this Part 9 are to: (1) set forth the City's requirements for withdrawal of a building containing covered residential rental units from the residential rental market in accordance with the Ellis Act; and (2) mitigate any adverse impact on persons displaced by that withdrawal through the provision of relocation assistance. This Part 9 complements existing state regulation of the landlord-tenant relationship and is intended to provide tenants with the maximum protections under the Ellis Act and to support the City's Apartment Rent Ordinance. This Part 9 does not supersede any state law, or grant or deny any entitlement to the use of real property. The rights and obligations created by this Part 9 for owners of residential rental property and tenants are created pursuant to the City's general police powers to protect the health, welfare, and safety of its residents and are in addition to any rights and obligations under state and federal law and are being adopted pursuant to the provisions of the Ellis Act.

B. The Ellis Act broadly regulates how property owners may remove any tenants from residential rental units in order for the property owner to withdraw all units in a building from

the residential rental market. The sequence of events to remove a tenant, withdraw a building, and subsequent regulation of the property is summarized in the table below. The table below is provided for information purposes. The provisions of the Ellis Act and this Part shall govern.

Summary of State & Local Ellis Act Removal Provisions

#	Timeline	Activity or Event	Citations
1		Notice of Intent to Withdraw ("Withdrawal Notice") is provided to Tenants (if any) Base Assistance payment is deposited into Escrow; Filing Fee is paid to City	Gov. §7060.5 SJMC §17.23.940 SJMC §17.23.950
2	Within 10 Days of delivery of Notice to Tenants	A copy of the Withdrawal Notice is delivered to the Director	Gov. §7060.4 SJMC §17.23.940
3	Within 30 Days of delivery of Notice to Tenants	An Information Summary is delivered to the City	Gov. §7060.4 SJMC §17.23.940
4	Within 10 Days of delivery of Notice to City	Owner must record summary memorandum encumbering the property for 10 years within ten (10) days and before sale or transfer to another party	Gov. §7060.3 - .4 SJMC §17.23.945
5	Within 60 Days of delivery of Notice to City	Owner deliver a conformed copy of the recorded summary memorandum to City	SJMC §17.23.945
6	120 Days from delivery of Notice to the City	Earliest* effective date of withdrawal of a building from the residential rental market ("Withdrawal"); or Earliest date to provide tenant 3-day notice to quit.	Gov. §7060.4 SJMC §17.23.960
7	1 Year from delivery of Notice to the City	Earliest effective date of Withdrawal if Tenant Household includes an elderly or disabled person.	Gov. §7060.4 SJMC §17.23.960
8	Within 2 Years of Withdrawal	Owner must notify City and former Tenants of intent to return unit to residential rental market; and Tenant displaced by Withdrawal has right to return to the unit under the original lease terms**	Gov. §7060.2 SJMC §17.23.970
9	Within 5 Years of Withdrawal	Owner must notify City of intent to return unit to residential rental market; Tenant displaced by Withdrawal has right to return to the unit; Rent Stabilized Unit returned to market after Withdrawal remains subject to City Apartment Rent Ordinance; and Any newly constructed unit on site of Rent Stabilized Unit that is placed in residential rental market is subject to Apartment Rent Ordinance	Gov. §7060.2 SJMC §17.23.970

10	Within 10 Years of Withdrawal	Owner must notify City of intent to return unit to residential rental market; and Tenant displaced by Withdrawal of unit has right to return to the unit	Gov. §7060.2 SJMC §17.23.970
<p>*Earliest effective Withdrawal date for certain tenant households with minors in school may be extended to sixty days after the conclusion of the scholastic year. (SJMC §17.23.960.)</p> <p>**The right to return to a unit under the original lease terms applies to all tenancies created after December 31, 2002; different rules apply for tenancies commenced prior to that date. (Gov. §7060.2(e).)</p>			

17.23.920 Definitions.

In addition to the definitions provided in Title 17, Chapter 23, Part 2, for purposes of this Part 9 the following terms are defined as follows:

- A. “Base Assistance” means that portion of the Relocation Assistance provided to all Tenant Households to mitigate any adverse impact on persons displaced from a Covered Unit due to the withdrawal of a building containing the Covered Unit from the residential rental market.
- B. “Catastrophically Ill” means having a severe illness requiring prolonged hospitalization or recovery as certified by a physician.
- C. “Covered Unit” means all of the following:
 - 1. Rent Stabilized Units, as defined in Section 17.23.930(G).
 - 2. All residential rental dwelling units in a building that contains a residential rental dwelling unit that would be a Rent Stabilized Unit but is temporarily exempt under Section 17.23.150(C) because the unit is owned or operated by any government agency or the rents for the unit are subsidized by any government agency.
- D. “Director” means the Director of the Department of Housing or the Director’s designee.
- E. “Notice of Intent to Withdraw” means a City approved form giving notice of an Owner’s intent to withdraw a building containing at least one Covered Unit from the residential rental market in accordance with Government Code sections 7060 – 7060.7.
- F. “Owner” means the fee owner of property that includes a building that contains at least one Covered Unit, and includes any successor in interest.
- G. “Qualified Assistance” means that portion of the Relocation Assistance provided to mitigate the adverse impact on Tenant Households that are low income, or contain minor children, elderly persons, terminally or catastrophically ill persons and/or disabled persons displaced due to the withdrawal of a building containing the Covered Unit from the residential rental market.

H. “Relocation Assistance” means the total payments of financial assistance from an Owner to a qualified Tenant Household in accordance with Section 17.23.950.

I. “Rent Stabilized Units” means the units subject to the City's Apartment Rent Ordinance provided in Title 17, Chapter 23, which includes rooms or accommodations occupied for thirty (30) days or more in a Guesthouse and units in any Multiple Dwelling building for which a certificate of occupancy was received on or prior to September 7, 1979, as those terms are defined in Sections 20.200.340, 20.200.470, and 20.200.480 of the San José Municipal Code.

J. “Right to Return” means the obligation of the Owner(s) of a building containing a Covered Unit to honor a request by certain Tenants to receive an offer to return to and rent a Covered Unit when an Owner returns the Covered Unit to the residential rental market, or, if the Covered Unit has been demolished, the right to rent a replacement Covered Unit, under certain circumstances and terms described in Section 17.23.970. The Right to Return shall serve as a right of first refusal which must be complied with and specifically described in the Memorandum required under Section 17.23.945.

K. “Tenant” means a residential tenant, subtenant, lessee, sublessee, occupant, or any other person entitled by written or oral lease, or by sufferance, to use or occupy a Covered Unit.

L. “Tenant Household” means one or more Tenant(s) who occupy any individual Covered Unit, including each dependent of any Tenant whose primary residence is the Covered Unit.

M. “Terminally Ill” means certified by a physician as having a terminal illness.

17.23.930 General.

A. Fees. The City shall establish fees for City-incurred costs which shall be paid by any owner who exercises the privilege to withdraw Covered Units from rent or lease. The City shall set the fee so as to recover all costs of administering this Part. The fees shall be paid to the City prior to the service of the Notice of Intent to Withdraw on any Tenant. Failure to pay the fees prior to service of the Notice of Intent to Withdraw shall invalidate such notice.

B. Obligations to Limited English Speaking Tenants. The Owner shall determine whether a member of the Tenant Household of each Covered Unit can speak or read English and shall seek appropriate assistance in communicating the importance of the contents of the notice to any Tenant Household whose members cannot speak or read English.

C. Copies of Forms. Owner shall make copies of notices and forms available if a Tenant indicates the items have been misplaced or lost or are otherwise needed.

D. New Tenants During the Withdrawal Process. If the Owner desires to rent a Covered Unit to a new occupant after delivery of the Notice of Intent to Withdraw, the Owner shall comply with this Section 17.23.930(D). Owner shall first comply with all requirements of this Part 9, including but not limited to the delivery of notices to the City and Tenants, and the provision of Relocation Assistance in accordance with Section 17.23.950 with respect to the unit to be rented. Prior to such rental, Owner shall also provide a Notice of Pending Withdrawal on a

City approved form to any new potential occupant of the Covered Unit for acknowledgement. If the Owner complies with this Section 17.23.930(D), the new occupant shall not be entitled to Relocation Assistance or other benefits under this Part. If the Owner fails to comply, the new occupant of the Covered Unit shall be entitled to Relocation Assistance under this Part.

E. City Approved Forms. Director may adopt such forms as are necessary or convenient for the administration of this Part 9, subject to review and approval of the City Attorney.

F. Every Owner must provide to each Tenant of a Covered Unit a notice of Tenant rights to extend the tenancy on a form specified by the City, which may include contact information for the City and Relocation Specialist and shall include the following statement:

“In accordance with the State’s Ellis Act, the City of San José requires landlords to allow certain tenants to extend their tenancy beyond the minimum 120 day notice period when a landlord intends to withdraw the dwelling unit from the residential rental market. The elderly, disabled, and households with a child enrolled in kindergarten through 12th grade may be eligible for extended tenancies if requested.”

17.23.940 Notices of Intent to Withdraw.

A. Service on Tenants; Filing Fee. No less than one hundred twenty (120) days prior to the date upon which the building is intended to be withdrawn from the rental market, the Owner shall pay to the City the filing fee set pursuant to Section 17.23.930 and personally serve or deliver by first class mail the Notice of Intent to Withdraw to each Tenant. Failure to pay the filing fee shall invalidate the Notice of Intent to Withdraw.

B. Service on City. Any Owner seeking to withdraw a building from the residential rental market that contains at least one Covered Unit must deliver to the Director a copy of each Notice of Intent to Withdraw within ten (10) days of service on the Tenants and also submit within thirty (30) days of service, a completed Information Summary pursuant to Section 17.23.940(D) below.

C. Contents. The Notice of Intent to Withdraw shall identify the fee owner of the property; identify the buildings on the property that are being withdrawn; list the date upon which the buildings are intended to be withdrawn; list the amount of Base Assistance available for each unit size; list the adult Tenants who will receive the joint Relocation Assistance payment, provide contact information for the Owner, City and the Relocation Specialist. It shall describe the rights of return and the re-control of rents that may apply under this Part 9 and the Tenant's rights to regain possession of the premises and to damages as set forth in Sections 17.23.970-990, and such other information reasonably necessary for the City’s administration of this Part 9. The Notice of Intent to Withdraw shall be accompanied by Tenant Qualification Forms, postage prepaid, addressed to the Owner/Relocation Specialist and the Director which form will allow the Tenant Household to qualify for a Qualified Assistance or an option to extend tenancy pursuant to Section 17.23.960, and to correct erroneous information on the Notice of Withdraw.

D. Information Summary Contents. A summary on a form approved by the City (“Information Summary”) shall be submitted to the Director along with copies of any Notices to Vacate delivered to or served on the last Tenant in a vacant Covered Unit and any 30 day notices under Civil Code section 1946.1 received from the last Tenant in a vacant Covered Unit. The Information Summary shall include the following information:

1. The total number of Covered Units and the number of bedrooms in each;
2. Whether any Covered Unit is presently vacant, and for any vacant unit, whether it was occupied by one or more Tenants within the preceding twelve months;
3. The amount of security deposit held for each Covered Unit and monthly amount of rent charged or if a Covered unit is vacant, the amount of the last monthly rent charged; these statements shall be made under penalty of perjury;
4. The complete name of each Tenant in the Covered Unit(s) to which the Notice of Intent to Withdraw applies and for any vacant Covered Unit, the complete names of the last Tenant(s);
5. The primary language of the Tenant Household of a Covered Unit;
6. Current and future contact information for each Tenant and for the last Tenant of any vacant Covered Unit;
7. Such other information reasonably requested by the City.

E. Correction. Any Tenant that receives a Notice of Intent to Withdraw may correct or supplement any of the information on the Notice of Intent to Withdraw or Information Summary via written notice delivered to the Director and Owner within thirty (30) days.

17.23.945 Recording of Memorandum.

The Owner shall record a memorandum on a City approved form in the Official Records of Santa Clara County encumbering the property where the Covered Unit is located upon the earlier of: ten (10) days of delivery to the City of the Notice of Intent to Withdraw, or at least one day prior to sale or transfer of any property on which a building containing a Covered Unit to be withdrawn from the residential rental market is located. The memorandum must be executed by the fee owners of the property. The memorandum shall summarize the obligations of the Owner and any successor in interest to the Owner related to the property including the Tenant Right to Return and the Re-Control requirement under this Part 9 and the City's Apartment Rent Ordinance for certain units returned to the residential rental market in accordance with Section 17.23.980. The summary memorandum must encumber the property for ten (10) years from the effective date of withdrawal of the building containing the Covered Unit from the residential rental market. The Owner shall deliver to the Director a conformed copy of the recorded memorandum within sixty (60) days of delivery to the City of the Notice of Intent to Withdraw.

17.23.950 Relocation Assistance.

A. Relocation Assistance Benefits. When an Owner withdraws a building containing a Covered Unit from the residential rental market and in connection with the withdrawal causes one or more tenancies to be terminated, the Owner must provide, and each Tenant Household residing in a Covered Unit is entitled to receive from the Owner, notice of and access to an application for all vacant residential rental unit(s) owned by the Owner and located within the City of San José, as well as the following:

1. The Owner must pay and the Tenant Household must receive Relocation Assistance. The Base Assistance required pursuant to Section 17.23.950(C) must be deposited into escrow at the time of delivery of the Notice of Intent to Withdraw to the Tenants. Any Qualified Assistance due pursuant to Section 17.23.950(C) (2)(a)-(d), must be deposited into escrow as soon as the completed Tenant Qualification Form has been verified by the Relocation Specialist and approved by the Director. The Owner is neither responsible for nor liable to divide the Relocation Assistance among the Tenant(s) that comprise a Tenant Household entitled to Relocation Assistance.
2. Relocation Specialist Services as described in Section 17.23.950(D).
3. Refund of Security Deposit. Owner must refund to Tenant any security deposit paid by the Tenant. The Owner may withhold any properly itemized deductions from the security deposit under Civil Code section 1950.5.

B. Escrow Account. The Owner must deposit the Relocation Assistance into an escrow account with a commercial escrow company and provide for disbursement to the Tenants consistent with this Part. The Tenant Household may obtain the Base Assistance from escrow immediately. The Tenant Household may obtain the Qualified Assistance from escrow on or before the earlier of: the first business day after the Tenant gives a 30 day notice to the Owner under Civil Code section 1946.1 or the last day of tenancy for which the Owner has received rent.

C. The amount of Relocation Assistance per Covered Unit shall be set by the City Council via resolution and may be based on the number of bedrooms per Covered Unit or such other metric as provided in the Resolution. The amount of Relocation Assistance per Covered Unit may thereafter be amended by resolution, and shall be comprised of the following components.

1. Base Assistance for all Tenant Households.
2. Qualified Assistance for Tenant Households that qualify under one or more of the following categories:
 - (a) Tenant Households that are lower income households, as defined in Health and Safety Code Section 50079.5 and annually listed, as adjusted for household size, by the regulations of the State Housing and Community Development Department for the County of Santa Clara.

- (b) Tenant Households when at least one Tenant is sixty-two years old or older.
- (c) Tenant Households when at least one Tenant is a person with a disability, as defined in Government Code Section 12955.3 or is terminally or catastrophically ill as evidenced by a physician's determination.
- (d) Tenant Households when at least one Tenant has a custodial or family relationship with an individual residing in the Covered Unit who is under the age of eighteen and is enrolled in school in any grade between and including kindergarten through twelfth grade.

Each Tenant Household shall receive the Base Assistance payments and may receive one allocation of Qualified Assistance if the Tenant Household is eligible for a category of Qualified Assistance as described in Section 17.23.950(C)(2) (a)-(d). Any Tenant Household that is eligible for any of the Qualified Assistance categories identified above must complete a Tenant Qualification Form and provide a copy to the Owner and the City.

C. Annual Adjustment. The amounts set by the City Council via the Resolution shall be adjusted each year as provided in this Section 17.23.950(C) unless otherwise specified by the City Council in a subsequent resolution. The annual adjustment shall be an increase that is equal to the amounts for each component of the Relocation Assistance multiplied by the percentage increase (if any) in the Consumer Price Index – Rent for all urban consumers for the San Francisco-Oakland-San Jose area as published by the U.S. Department of Labor Statistics for the twelve (12) month period ending on the last day of February of each year, unless otherwise specified by the City Council. Amounts shall be rounded to the nearest whole dollar.

D. Relocation Specialist Services. When an Owner withdraws a building containing a Covered Unit from the residential rental market and in connection with the withdrawal causes one or more tenancies to be terminated, the Owner must, at its own expense, hire a relocation specialist with experience in providing relocation services to tenants in the San José area. The Owner must obtain the Director's approval of the relocation specialist and the relocation specialist's scope of work prior to the service of the Notice of Intent to Withdraw on any Tenant. The relocation specialist shall verify Tenant Qualification Forms. The relocation specialist shall provide services including meetings with Tenants on site; providing current information on local vacancies, and assisting each Tenant Household in crafting a relocation plan on a form approved by the City. The relocation specialist must provide services to disabled persons and persons with no or limited English proficiency and ensure relocation assistance, procedures and Tenant's rights are fully explained to those persons.

17.23.955 Withdrawal of a Building Containing a Vacant Covered Unit.

A. It is the express intent of this Section 17.23.955 to encourage Owners to provide Relocation Assistance to Tenants of Covered Units, including any Tenant(s) whose tenancies of a Covered Unit were terminated within twelve (12) months prior to the delivery of a Notice of Withdrawal and were terminated without cause as codified in Section 17.23.190(B). It is presumed that the Owner's termination of a tenancy without cause during the 12 month period is an action in bad faith intended to avoid the requirements of this Part, to the detriment of the

affected Tenants and the health and welfare of the City. Payment of Relocation Assistance to the City is required when no member of an eligible Tenant Household can be located, in order to avoid adverse impacts on Tenants by: (1) discouraging Owners from prematurely displacing Tenant(s) in order to avoid paying Relocation Assistance and (2) encouraging Owners and Tenants to act in good faith when vacating a Covered Unit.

B. If the Covered Unit in a building to be withdrawn is vacant upon delivery to the City of the Notice of Intent to Withdraw and was occupied by a Tenant Household within twelve (12) months of delivery to the City of the Notice of Intent to Withdraw then the following applies:

1. If the last Tenant Household's tenancy was not terminated as a voluntary vacancy or a for cause termination in accordance with Section 17.23.190(B), then the Owner must pay, and those prior Tenant(s) shall be entitled to receive, all Relocation Assistance to which the Tenant Household would have been entitled in accordance with Section 17.23.950.
2. If those prior Tenant(s) cannot be located to receive Relocation Assistance payment, then the Owner must pay and the City shall be entitled to receive the maximum amount of Relocation Assistance authorized for the Covered Unit under Section 17.23.950, including Base Assistance and all Qualified Assistance. Payment to the City must be delivered to the City no later than the effective date of withdrawal of the building containing the Covered Unit from the residential rental market.

C. Notwithstanding Section 17.23.960, if the Covered Unit is vacant on the date of delivery to the City of the Notice of Intent to Withdraw and subject to the requirements of Section 17.23.955(B)(2) then for the purposes of Section 17.23.955(B)(2) the effective date of withdrawal of the building is the earliest issuance of a discretionary approval for the property by the City (e.g. upon issuance of a conditional use permit, approval of a condominium conversion, etc.).

17.23.960 Effective Date of Withdrawal; Extension of Tenancy.

A. If the Covered Unit is occupied on the date of delivery to the City of the Notice of Intent to Withdraw, then the tenancy may only be terminated for cause as defined in Section 19.23.190(B)(2) and the Owner may not withdraw the building containing the Covered Unit from the market until 120 days from the date of delivery to the City in person or by first-class mail of the Notice of Intent to Withdraw.

B. Notwithstanding subsection (A) of Section 17.23.960, if at least one Tenant in a Covered Unit to which a Notice of Intent to Withdraw applies is either at least sixty-two years old, disabled (as defined in Government Code section 12955.3), terminally ill, or catastrophically ill and if that Tenant has lived in the Covered Unit for at least one year prior to the date of delivery to the City of the Notice of Intent to Withdraw, then the Owner must provide notice of and allow the Tenant to exercise an option to extend the tenancy for one year from the date of delivery to the City of the Notice of Intent to Withdraw.

1. To exercise the option to extend the tenancy for one year from the date of delivery to the City of the Notice of Intent to Withdraw, the qualifying Tenant must give written notice to the Owner of the extension of the tenancy within sixty (60) days of delivery to the City of the Notice of Intent to Withdraw.
2. If the Owner receives a notice of extension of the tenancy, then the Owner must provide notice of the extension of the tenancy to the Director in the monthly report pursuant to Section 17.23.975.

C. Notwithstanding subsection (A) of Section 17.23.960, if at least one Tenant in a Covered Unit to which a Notice of Intent to Withdraw applies has a custodial or family relationship with an individual residing in the Covered Unit who is under the age of eighteen and is enrolled in school in any grade between and including kindergarten through twelfth grade, and if that minor individual has lived in the Covered Unit for at least one year prior to the date of delivery to the City of the Notice of Intent to Withdraw, then the Owner must provide notice of and allow the Tenants to exercise an option to extend the tenancy through the current scholastic year, plus an additional sixty (60) days from the completion of the scholastic year.

1. To exercise the option to extend the tenancy through the scholastic year plus sixty (60) days, the Tenant must give written notice to the Owner of the extension of the tenancy within sixty (60) days of delivery to the City of the Notice of Intent to Withdraw.
2. If the Owner receives a notice of extension of the tenancy through the scholastic year plus sixty (60) days, then the Owner must provide notice of the extension of the tenancy to the Director in the monthly report pursuant to Section 17.23.975.

17.23.970 Right to Return.

A. Tenant(s) of Covered Units whose tenancies are terminated in connection with the withdrawal of a building containing the Covered Unit(s) from the residential rental market in accordance with this Part 9, are entitled to receive, and Owner(s) must deliver to the Tenant Household, on a form approved by the City notice of the Tenant(s) Right to Return to and rent the same unit at the rent determined pursuant to Section 17.23.980(A) if:

1. The Tenant has provided the Owner a current mailing address and email address at which to receive a notice of the Right to Return; and
2. An Owner returns the Covered Unit to the residential rental market within five (5) years of the effective date of withdrawal of a building containing the Covered Unit from the residential rental market.

B. Owner(s) of a building containing a Covered Unit that was withdrawn from the residential rental market within the previous ten (10) years but after the five year period described in Section 17.23.970(A) must provide 120 days written notice to the City and Tenant of the intent of the Owner(s) to return the Covered Unit to the residential rental market.

C. Any Tenant(s) displaced from a Covered Unit in connection with the withdrawal of a building containing a Covered Unit from the residential rental market may request the Right to Return from the Owner(s) within thirty (30) days of receipt by the City of an Owner(s) written notice of intent to return the Covered Unit to the residential rental market. Following the notice required to be given to the City, the City may request that the Owner extend an offer to renew the tenancy to the Tenant. However, nothing in this section shall be construed to relieve the Owner of the obligation to directly contact the Tenant or former Tenant and to advise the Tenant that the withdrawn Covered Unit is again offered for rent or lease. Notice shall be on a form approved by the City.

D. The City may create a registry of Tenant contact information for use by Tenants and Owners to facilitate communication regarding a Right to Return, Relocation Assistance, and other topics. Each Owner shall use any information in the registry, in addition to information provided voluntarily by each Tenant, when complying with Right to Return obligations under Section 17.23.970(A) and Relocation Assistance under Section 17.23.955(C). The City may attempt to inform any Tenant(s) displaced due to the withdrawal of a building containing a Covered Unit upon receipt by the City of an Owner(s) written notice of intent to return the Covered Unit to the residential rental market.

17.23.975 Owner's Reporting Obligations.

A. Owner shall submit a monthly report to Director during period that commences with the City's receipt of the Notice of Intent to Withdraw and ends with the final termination of tenancy for all Covered Units and completion of Withdrawal under this Part. The report shall be on a City form and shall include information relating to the occupancy of units, any 30 day notices received, request for right to return, and any leasing activity with asking rents.

B. At least 120 days before the rental or leasing of any unit in a building being returned to the rental market, Owner shall submit a report to Director regarding compliance with Section 17.23.970 and Section 17.23.980 and status of Tenant notification of right to return, and list of Tenants not found/contacted.

17.23.980 Re-Control.

A. If a building containing a Rent Stabilized Unit is withdrawn from the residential rental market and is returned by an Owner to the residential rental market within five (5) years, then that unit must be offered and rented or leased at the lawful rent in effect at the time the Notice of Intent to Withdraw was delivered to the City, plus any annual adjustments authorized by Title 17, Chapter 23 of this Code. This Section applies regardless of the occupancy status of each Rent Stabilized Unit when the building was withdrawn from the residential rental market and regardless of whether a displaced Tenant exercises a Right to Return.

B. If a Rent Stabilized Unit is demolished and new unit(s) are built on the same property and offered for rent or lease within five (5) years of the effective date of withdrawal of the building containing the Rent Stabilized Unit, each newly constructed rental unit located on the property

where the Covered Unit was demolished shall be deemed a Rental Unit subject to the Apartment Rent Ordinance, Title 17, Chapter 23 of this Code.

17.23.990 Enforcement.

A. Criminal Penalty.

Any Owner found by a court of competent jurisdiction to be guilty of a willful violation of Section 17.23.970(A) shall be subject to up to a \$500 fine and/or ninety (90) days in jail for a first offense and up to a \$1000 fine and/or six months in jail for any subsequent offenses.

B. Civil Enforcement.

1. Any Owner(s) that fail(s) to comply with this Part 9 may be subject to civil proceedings for exemplary damages for displacement of Tenant(s) initiated by the City for actual and exemplary damages, as well as any other alternative remedy available under the law or equity, including without limitation, injunctive relief to prevent termination of a tenancy.
2. Any Owner(s) that fail(s) to comply with the notice requirement defined in Section 17.23.970(A) if the violation occurs within two (2) years of the effective date of withdrawal may be subject to civil proceedings for actual, exemplary, and/or punitive damages (in an amount which does not exceed the contract rent for six months) initiated by the City or by any Tenant who would otherwise be entitled to a Right to Return, which action(s) must be brought within three (3) years of withdrawal of the building containing a Covered Unit from the residential rental market.
3. Any Owner(s) that fail(s) to comply with this Part 9 may be subject to civil proceedings for actual and exemplary damages as well as any other alternative remedy available under the law or equity, initiated by any Tenant who would otherwise be entitled to Relocation Assistance. Civil proceedings by any Tenant regarding Relocation Assistance under this Part 9 shall be brought within three years of the withdrawal of the building containing a Covered Unit.
4. If an Owner seeks to displace any Tenant(s) from a Covered Unit in a building to be withdrawn from the residential rental market by an unlawful detainer proceeding, the Tenant(s) may appear and answer or demur pursuant to Section 1170 of the Code of Civil Procedure and may assert by way of defense that the Owner has not complied with the applicable provisions of this Part 9 and/or the Ellis Act.

Relocation Benefit Matrix

Benefits Provided by Household - Calculated by No. of Bedrooms

San Jose - Proposed Benefit Levels				
Benefit Type	Studio	1BR	2BR	3BR
3 Months Rent*	\$ 5,550	\$ 6,825	\$ 8,478	\$ 10,239
New Security Deposit	\$ 500	\$ 500	\$ 600	\$ 700
Moving Expenses	\$ 1,200	\$ 1,400	\$ 1,700	\$ 2,000
Application fees (approx. five applications)	\$ 250	\$ 250	\$ 250	\$ 250
Total Base Relocation	\$ 7,500	\$ 8,975	\$ 11,028	\$ 13,189
<i>*Average Monthly Rent - 2016 Q3, RealAnswers</i>	\$ 1,850	\$ 2,275	\$ 2,826	\$ 3,413
Qualified Assistance Levels				
40% Additional Increase to Base Assistance	\$ 3,000	\$ 3,590	\$ 4,411	\$ 5,276
Total Amount of Qualified Assistance	\$ 10,500	\$ 12,565	\$ 15,439	\$ 18,465

West Hollywood	Studio	1BR	2BR	3BR
Total Base Assistance	\$ 6,455	\$ 9,114	\$ 12,277	\$ 16,202
Total Qualified Senior Assistance	\$ 23,542	\$ 26,201	\$ 29,364	\$ 33,289
Total Qualified Low Income Assistance	\$ 27,972	\$ 30,631	\$ 33,794	\$ 37,719
% Increase over Base (highest)	76.92%	70.25%	63.67%	57.05%

Santa Monica	Studio	1BR	2BR	3BR
Total Base Assistance	\$ 13,900	\$ 13,900	\$ 18,850	\$ 18,850
Total Qualified Assistance	\$ 16,000	\$ 16,000	\$ 21,650	\$ 21,650
% Increase over Base	13.13%	13.13%	12.93%	12.93%

Oakland	Studio	1BR	2BR	3BR
Total Base Assistance	\$ 6,500	\$ 6,500	\$ 8,000	\$ 9,875
Total Qualified Assistance	\$ 9,000	\$ 9,000	\$ 10,500	\$ 12,375
% Increase over Base	27.78%	27.78%	23.81%	20.20%

Other Methodologies

Los Angeles	<3 Years	>3 Years	Low Income	Mom & Pop
Total Base Assistance	\$ 7,900	\$ 10,400	\$ 10,400	\$ 7,600
Total Qualified Assistance	\$ 16,650	\$ 19,700	\$ 19,700	\$ 15,300
% Increase over Base	52.55%	47.21%	47.21%	50.33%

San Francisco	Per Tenant	Maximum Household		
Total Base Assistance	\$ 5,895	\$ 17,639		
Total Qualified Assistance	\$ 9,825			
% Increase over Base	40.00%			

Ellis Act Filing Fee

Staff Member/Time in Hours

Task	Initial Review (10 Units)			Review for Units Greater than 10		
	Analyst	HPPA	Total Staff Time	Analyst	HPPA	Total Staff Time
Review Notice of Intent to Withdraw	2.00	0.50	2.50	0.50	0.25	0.75
Review the Summary Report	4.00	1.00	5.00	2.00	0.50	2.50
Review Relocation Specialist Scope of Services	1.00		1.00			0.00
Communication with Property Owner	4.00	1.00	5.00	1.00	0.50	1.50
Communication with Relocation Specialist	7.00	0.50	7.50	3.50		3.50
Review Escrow Deposits	1.50		1.50	0.50		0.50
Review Required Reports	5.50		5.50	3.50		3.50
Contact Tenants from Right to Return	6.00		6.00	4.00		4.00
Totals	31.00	3.00	34.00	15.00	1.25	16.25

Hourly Rates \$79.34 \$122.22

Cost for the first 10 units	\$2,459.64	\$366.66	\$2,826.30	\$1,190.15	\$152.77	\$1,342.92
Cost per unit	\$245.96	\$36.67	\$282.63	\$119.01	\$15.28	\$134.29

Proposed Fees	Per Unit (10 units)	\$282	Per Unit (10+ units)	\$134
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