



City of Sunnyvale

Agenda Item

25-0254

Agenda Date: 2/10/2025

REPORT TO PLANNING COMMISSION

SUBJECT

Consider Potential Modifications to Relocation Assistance Requirements for Sunnyvale Municipal Code Chapter 19.71 Residential Tenant Protections Programs and Provide Direction to Staff

BACKGROUND

Assembly Bill (AB) 1482, California's Tenant Protection Act of 2019, is a California law that provides renters with more stability and protections in the state's rental housing market. The legislation limits rent increases for certain properties and requires eviction notices under specific circumstances. The Tenant Protection Act is designed to address concerns about rising rents and tenant displacement.

On April 25, 2023 the City Council approved Residential Tenant Protections Programs (RTC No. 23-0515), resulting in amendments to the Sunnyvale Municipal Code (SMC) and specifically the creation of Chapter 19.71 of the SMC. As approved, Chapter 19.71 incorporates AB 1482; however, Sunnyvale's ordinance offers protections beyond those in AB 1482 as Chapter 19.71 applies to all rental units regardless of when they were built, requires relocation assistance equal to two months of rent, and requires landlords to initially offer all tenants a 12-month lease.

During the April 25, 2023 Council meeting, Council directed staff to consider increasing relocation assistance required during no fault, just cause evictions from two months of rent to three months of rent. This report provides an update and recommendation on only this aspect of the Ordinance.

The Housing and Human Services Commission (HHSC) considered this item on January 22, 2025 (RTC No. 25-0066.) HHSC recommended Alternative 2 with modifications to exempt certain sole proprietor property owners ('mom and pop'-style landlords), referenced as Alternative 4 of this report. Although the HHSC motion was for properties, the prior discussion was focused on number of units on a property.

The City Council is scheduled to consider this item on February 25, 2025.

EXISTING POLICY

Sunnyvale General Plan, Housing Element

GOAL HE-1 Adequate Housing: Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

GOAL HE-2 Enhanced Housing Conditions and Affordability: Maintain and enhance the conditions and affordability of existing housing in Sunnyvale.

GOAL HE-5 Equal Housing Opportunities: Promote equal housing opportunities for all residents,

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including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

Policy H-5.1 Fair Housing. Support the provision of fair housing services and tenant/landlord mediation to residents.

Policy H-5.5 Tenant Eviction Protections. Continue to prohibit eviction of tenants without "just cause."

Policy H-5.6 Rent Stabilization. Continue to enforce the adopted limitations on rent increases consistent with the Tenant Protection Act of 2019.

ENVIRONMENTAL REVIEW

The action being considered is exempt from the provisions of the California Environmental Quality Act ("CEQA") under CEQA Guidelines Section 15061(b)(3) in that the City Council finds there is no possibility that the implementation of this ordinance may have a significant effect on the environment.

DISCUSSION

Based on Council's April 2023 direction to consider increasing relocation assistance for tenants evicted under no fault, just cause terms from two months of rent to three months, staff conducted a survey and held two outreach meetings to help gauge community sentiment about the impacts, positive and negative, should the City increase the relocation amount to three months' rent.

Outreach

Staff published a survey on the City's Opengov site and emailed over 650 landlords, property managers, and developers to advertise upcoming outreach meetings and to encourage participation in the survey. Additionally, staff used the City's social media tools (NextDoor, Facebook, and X) to advertise the community meetings to tenants and to encourage their participation in the survey.

The survey was open for two weeks and had 41 participants respond. Slightly more than half of the participants said that they were familiar with the Tenant Protections Ordinance. The full survey can be found as Attachment 2 along with a summary of general comments received. In summary,

- Fourteen (14) respondents identified as landlords/property managers and did not support increased tenant protections.
- Twenty-four (24) respondents identified not as landlords/property managers and were in favor of increased tenant protections.

Staff held two outreach meetings on October 22, 2024: one during the day and one during the evening. Unfortunately, there were no attendees at either meeting. Staff believes that the lack of participation in these outreach efforts could be a result of landlords, property managers and developers previously expressing their concerns about City Council wanting to increase tenant protections at the April 2023 public hearing on this topic. At that time, they expressed that the requirements set by state law were sufficient and any additional monetary requirements would impact their business model; smaller "mom and pop" landlords who already charge affordable rents would be required to re-think their business strategy. Many of these individuals spoke during the public hearings at the Housing and Human Services Commission, Planning Commission and City Council

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meetings in 2023, voicing their concerns about excess relocation requirements.

With renters making up 55% of households in Sunnyvale (approximately 85,000 people and 35,000 households), the proportion of renters far exceeds the number of landlords (estimated between 1,000 -2,000). As such, 24 tenants and 14 landlords responding to the survey is not statistically significant. However, due to the limited interest and responses heard during this round of outreach, and based on the feedback received in outreach conducted in 2023 during the adoption of the ordinance, staff does not recommend an increase in relocation assistance from two months' rent to three months' rent.

It should be noted that the City of Cupertino Housing Commission recently recommended that the City consider anti-displacement policies to help residents who are at risk of displacement from deed-restricted affordable housing units. Recommendations include requiring property owners to pay relocation assistance to displaced tenants. The amount could range from \$7,149 to \$13,275, which is about three months of Santa Clara County average fair market rent. Per the Cupertino staff report on the item, a future public hearing of either the Housing Commission or City Council will be held to approve a resolution for the Anti-Displacement policy with a date and time to follow.

New Tenant Protection Law for 2024

A new California law, Senate Bill (SB) 567, took effect April 1, 2024, which provides enhanced protections to tenants. Under this legislation, landlords are now required to provide written notice and, upon request by the tenant, show proof to support the reasons for the no-fault, just-cause eviction to terminate a tenancy. In addition, SB 567 imposes additional requirements on the landlords, such as the following:

- Landlords who evict a tenant so that the landlord or their family member can move into the unit must move into the unit within 90 days and must reside in the unit continuously for at least 12 consecutive months as their primary residence.
- Landlords who evict a tenant so that the landlord can substantially remodel or demolish the rental unit must now provide the tenant with a written notice that includes a description of the substantial remodel, the approximate amount of time the remodel will take or the date when the unit will be demolished, and a copy of the permits allowing for the remodel or demolition. Also, if the demolition or remodel does not happen as described in the notice, the landlord must offer the unit back to the tenant at the same rental rate and terms as the tenant had at the time of the eviction.
- Landlords who violate these tenant protections can be liable to tenants in lawsuits for actual damages, as well as punitive damages.

SB 567 exempts the same property types as AB 1482, including but not limited to certain single-family homes, rental housing built within the last fifteen years, and owner-occupied duplexes. However, landlords must provide a mandatory notice of exemption for residential real properties exempt under Civil Code Section 1946.2(e)(8), even if other aspects of the law do not apply to that property.

The new law also adds penalties for a landlords' violations of these tenant protections. Beginning on April 1, 2024, when a landlord violates the requirements of the Tenant Protection Act, the tenant can

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sue the landlord in civil court for monetary damages and reasonable attorney's fees and costs. Upon a showing that the landlord has acted willfully, or with oppression, fraud, or malice, the tenant may be awarded damages of up to three times his or her actual damages, as well as punitive damages against the landlord.

Together with the City's Tenant Protections Ordinance, this new law can further protect Sunnyvale tenants from unfair eviction practices as shown below:

Tenant Protections	AB 1482	SB 567	City Ordinance
Requires a landlord to have a "just cause" to terminate a tenancy/evict a tenant.	Yes	Yes	Yes, refers to same requirements under AB 1482
Requires landlord to show proof of reason for just cause eviction	No	Yes	N/A
Limits annual rent increases to no more than 5% + local CPI (CPI = inflation rate), or 10% whichever is lower	Yes	N/A	Yes, refers to same requirements under AB 1482
Financial Relocation Assistance Required for Just Cause Eviction	Yes, 1 month.	N/A	Yes, 2 months
Exempts New Construction (units <15 years old)	Yes	Yes	No, all applicable rental housing included
Exempts single family homes (not held in an LLC/REIT), owner occupied duplexes and deed restricted affordable housing	Yes	Yes	Yes, refers to same requirements under AB 1482
Requires landlords offer one year lease, before offering short term leases	No	N/A	Yes

FISCAL IMPACT

There is no impact to the General Fund. The Housing Division will continue to use federally and locally funded tenant/landlord mediation and fair housing services to support Sunnyvale residents impacted by this existing Ordinance.

PUBLIC CONTACT

Public contact was made by posting the Planning Commission meeting agenda on the City's official-notice bulletin board at City Hall. In addition, the agenda and this report are available at the NOVA Workforce Services reception desk located on the first floor of City Hall at 456 W. Olive Avenue (during normal business hours), and on the City's website.

ALTERNATIVES

Recommend to the City Council:

1. Do not modify Sunnyvale Municipal Code (SMC) Chapter 19.71: Residential Tenant Protections Programs, and keep relocation assistance for no fault, just cause evictions at two months of rent.

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2. Direct staff return to Council with an Ordinance to amend SMC Chapter 19.71: Residential Tenant Protections Programs to increase relocation assistance for no fault, just cause evictions to three months of rent.
3. Provide other direction to staff.

Housing and Human Services Commission Recommendation:

4. Direct staff return to Council with an Ordinance to amend SMC Chapter 19.71: Residential Tenant Protections Programs to increase relocation assistance for no fault, just cause evictions to three months of rent; and to make an exception that this requirement does not apply to sole proprietorship property owners that own 7 or fewer properties.

RECOMMENDATION

Recommend to City Council Alternative 1: Do not modify Sunnyvale Municipal Code (SMC) Chapter 19.71: Residential Tenant Protections Programs, and keep relocation assistance for no fault, just cause evictions at two months of rent.

Due to the limited responses received from the public, and the perceived lack of interest in the community to consider increasing relocation assistance, staff does not recommend increasing relocation assistance requirements at this time. In addition, staff has fielded very few phone calls or emails from tenants who are being evicted for a no-fault, just cause.

LEVINE ACT

The Levine Act (Gov. Code Section 84308) prohibits city officials from participating in certain decisions regarding licenses, permits, and other entitlements for use if the official has received a campaign contribution of more than \$500 from a party, participant, or agent of a party or participant in the previous 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

An "X" in the checklist below indicates that the action being considered falls under a Levine Act category or exemption:

SUBJECT TO THE LEVINE ACT

- ☐ Land development entitlements
- ☐ Other permit, license, or entitlement for use
- ☐ Contract or franchise

EXEMPT FROM THE LEVINE ACT

- ☐ Competitively bid contract*
- ☐ Labor or personal employment contract
- ☐ Contract under \$50,000 or non-fiscal
- ☐ Contract between public agencies
- ☒ General policy and legislative actions

* "Competitively bid" means a contract that must be awarded to the lowest responsive and responsible bidder.

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ATTACHMENTS

1. Reserved for Report to Council
2. Outreach Survey Results