

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: October 24, 2022
Item No.: 7.d

Department Approval

Janice Gundlach

City Manager Approval

Sam J. Truog

Item Description: Consider an ordinance pertaining to tenant notification and approve a summary publication

BACKGROUND

The legislative history and/or important events for the proposed Tenant Notification ordinance is as follows:

- September 20, 2021: The REDA held a meeting and discussed information related to Just Cause, Inclusionary Housing, and Tenant Notification ordinances. Staff was provided direction to pursue a Tenant Notification ordinance in 2022.
- May 16, 2022: The REDA held a meeting and received information regarding a process that was to be followed in order to engage with the public in advance of formal ordinance consideration. The process was defined based on completion of the City's Racial Equity Toolkit. This discussion also noted that future ordinance consideration would occur at the City Council. Since that meeting, City staff drafted and executed an engagement plan.
- Mid-August thru September, 2022: Various engagement efforts were held to inform renters, applicable property owners and managers of multi-family housing, and housing advocates of the proposed tenant notification ordinance. These efforts resulted in informing every rental unit of the proposed ordinance and 104 meaningful engagement interactions to gain feedback.
- October 17, 2022: The City Council discussed the results of the engagement that occurred relative to the proposed ordinance, directed staff to make revisions to the ordinance, then to bring the ordinance forward for adoption at the October 24, 2022 City Council meeting.

Since the October 17th meeting, staff has revised the ordinance based on the following direction from Council:

- Amended the title of the ordinance to state it applies to licensed multi-family buildings containing 5 or more units, and
- Amended the purpose statement of the ordinance to state it applies to licensed multi-family buildings containing 5 or more units, and
- Retained the Notice to the City of Proposed Sale requirement for affordable housing buildings based on the Council's agreement to request rent amounts as a component of license application, recognizing most apartment buildings in the City will meet an affordability threshold of 80% AMI as dictated by HUD.

29 Given no other revisions were requested, other than those bulleted above, the ordinance provided as
30 Attachment A is ready for adoption. Given the length of the ordinance, staff is recommending a
31 summary publication. The summary ordinance is attached and requires 4/5th approval.

32 **POLICY OBJECTIVE**

33 If adopted, the proposed objective is to provide housing stability, protection, and notification to tenants
34 of rental housing during an ownership transition.

35 **BUDGET IMPLICATIONS**

36 Implementation of the ordinance consists solely of staff time. Publishing a summary in lieu of the full
37 text of the ordinance will save in publishing costs.

38 **STAFF RECOMMENDATION**

39 Adopt the ordinances provided in Attachments A and B.

40 **REQUESTED COUNCIL ACTION**

41 By motion, adopt the ordinances provided in Attachments A and B.

Prepared by: Janice Gundlach, Community Development Director
Attachments: A: Tenant Notification Ordinance
B: Summary Ordinance

ORDINANCE NO. ____

AN ORDINANCE CREATING A NEW CHAPTER 910 TO THE ROSEVILLE CITY CODE, TENANT NOTIFICATION AND NOTICE OF POTENTIAL SALE WITH RESPECT TO LICENSED RENTAL PROPERTIES CONTAINING 5 OR MORE UNITS

The City Council of the City of Roseville does ordain:

Section One. Tenant Notification and Notice of Potential Sale. A new Chapter 910 is inserted into City Code that outlines the following requirements for licensed rental properties.

TENANT NOTIFICATION AND NOTICE OF POTENTIAL SALE WITH RESPECT TO LICENSED RENTAL PROPERTIES

SECTION:

- 910.01: Purpose
910.02: Definitions
910.03: Notice to the City of Proposed Sale
910.04: Post Sale Notice
910.05: Relocation Assistance
910.06: Tenant Complaints
910.07: Penalty

910.01: Purpose

The purpose of this Chapter is to provide housing stability, protection, and notification to tenants in rental housing during an ownership transition. This Chapter requires notice to both tenants and the City whenever title to licensed rental property containing five or more rental housing units is conveyed or otherwise transferred. Under this Chapter, an owner of a housing building is required to pay resident relocation benefits if the owner takes certain actions during a required three-month tenant notification period, and the resident of the building needs to move as a result of the owner's action(s). In addition, this Chapter requires that when rental properties affordable to lower income households become available for sale, the City must receive notice of the potential sale so that it can make such information available to parties interested in purchasing the property with a goal of keeping rents affordable for lower income households.

910.02: Definitions

The following definitions in this Section apply in Chapter 910. Defined terms remain defined terms, whether or not capitalized.

A. Affordable Housing Building: A multiple-family rental housing building having five or more dwelling units where at least 20 percent of the units rent for an amount that is affordable. Affordable shall mean no more than 30 percent of income to households at or below 80 percent of area median income, as most

[Type here]

43 recently determined by the United States Department of Housing and Urban Development for Low Income
44 Housing Tax Credit (LIHTC) purposes, as adjusted for household size and number of bedrooms.

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46 B. Available for Sale: The earliest implementation of any of the following actions: negotiating to enter
47 into a purchase agreement that includes an affordable housing building, including like-kind property
48 swaps such as a 1031 exchange, advertising the sale of an affordable housing building, entering into a
49 listing agreement to sell an affordable housing building, or posting a sign that an affordable housing
50 building is for sale.

51 C. Cause: The tenant or a member of the tenant’s household materially violated a term of the lease or
52 rental agreement, or violated an applicable federal, state, or local law or regulation.

53 D. Housing Building: A building with five or more rental units.

54 E. Housing Unit: A rental unit within a housing building.

55 F. Material Change: A change in the terms of a lease that significantly limits or restricts the tenants’ use
56 and enjoyment of a housing unit or the housing building.

57 G. Rent: A fixed periodical payment made by the tenant to the landlord for occupancy of a housing unit
58 but shall not include additional costs that may be incurred above occupancy of the housing unit such as
59 utilities, garage, storage closets, and the like.

60 H. Tenant Notification Period: The period that commences on the date when a written notice of the transfer
61 of ownership of a housing building is sent to each housing unit tenant pursuant to Section 910.04 and ends
62 on the last day of the third full calendar month following the date on which the notice was sent. In no
63 case shall the tenant notification period be less than 90 days.

64 I. Transfer of Ownership: Any conveyance of title to an affordable housing building, whether legal or
65 equitable, voluntary or involuntary, resulting in a transfer of control of the building, effective as of the
66 earlier of the date of delivery of the instrument of conveyance or the date the new owner takes possession.

67 **910.03: Notice to the City of Proposed Sale**

68 A. Notice to the City: Any owner or representative of the owner who intends to make available for sale
69 any affordable housing building shall notify the Community Development Director and Fire Chief of the
70 proposed sale by providing the notice required in this Section. The notice shall be on a form prescribed
71 by the City stating the owner’s intent to make available for sale the affordable housing building and which
72 may include, at the City's sole discretion, some or all of the following information:

- 73 1. Owner’s name, phone number, and mailing address;
- 74 2. Address of the affordable housing building that will be made available for sale;
- 75 3. Total number of dwelling units in the building; and

- 76 4. Number and type (e.g., efficiency, one bedroom, two bedrooms, etc.) of each of the affordable
 77 housing dwelling units in the building and the contract rent for every dwelling unit in the
 78 building.

79 B. Manner and Timing of Notice: The notice shall be mailed or hand delivered to the Community
 80 Development Director no later than 90 days prior to the affordable housing building being made available
 81 for sale. The notice shall also be delivered directly to all affected tenants and include the following
 82 language requirement: “This is important information about your housing. If you do not understand it,
 83 have someone translate it for you now, or request a translation from your landlord.” This advisory must
 84 be stated in the notice in the following languages: English, Spanish, Somali, Karen, and Hmong. This
 85 notice shall be delivered to all affected tenants no later than 90 days prior to the affordable housing
 86 building being made available for sale. Upon request by the tenant, the owner must provide a written
 87 translation of the notice into the tenant’s preferred language if the language is listed above.

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 89 C. Exclusions: This notice of potential sale requirement shall not apply to the sale or transfer of title of an
 90 affordable housing building already subject to federal, state, or local rent or income restrictions that
 91 continue to remain in effect after the sale or transfer; or with respect to the sale or transfer of a residential
 92 rental building in which the buyer contracts with the City to maintain the property in compliance with the
 93 definition of an “affordable housing building” as defined in this Chapter, for a period of no less than 10
 94 years. This exclusion does not apply if local rent or income restrictions will increase yet remain in
 95 compliance with the definition of an “affordable housing building” as defined in this Chapter.

96 **910.04: Post Sale Notice**

97 A. Notice to Tenants: Whenever title to property containing a housing building is conveyed or otherwise
 98 transferred, as a condition of receipt of a rental license, the new owner must within 30 days after the real
 99 estate closing, deliver written notice to each housing unit tenant that the housing building is under new
 100 ownership. The notice must include, at a minimum, the following information:

- 101 1. The name, mailing address, and telephone number of the new owner.
- 102 2. The following statement: “Roseville City Code provides for a three month tenant notification
 103 period to housing unit tenants when new ownership takes control of a property. A tenant may
 104 be entitled to relocation assistance from the new owner if, during the three month tenant
 105 notification period, the new owner:
- 106 a. Terminates or does not renew the tenant’s rental agreement without cause;
- 107 b. Raises the rent and the tenant terminates his or her rental agreement due to the rent increase;
- 108 c. Requires existing tenants to be re-screened or comply with new screening criteria, and the
 109 owner or tenant terminates the tenant’s lease based on that re-screening or failure to meet
 110 those new screening criteria;
- 111 d. Imposes a material change in the terms of the lease, and the owner or tenant terminates or
 112 does not renew the tenant’s lease because of those material changes; or

- 113 e. Engages in construction activity at the property that would trigger federal, state, or local
114 law regarding lead paint or asbestos safety unless said activities are conducted by a
115 contractor obtaining the necessary lead and asbestos abatement certifications, the work is
116 conducted in accordance with industry best management practices, and all necessary
117 permits have been obtained from applicable government agencies.”
- 118 3. Whether there will be any rent increase within the three month tenant notification period and,
119 if so, the amount of the rent increase and the date the rent increase will take effect.
- 120 4. Whether the new owner will require existing housing unit tenants to be re-screened or comply
121 with new screening criteria during the three month tenant notification period and, if so, a copy
122 of the applicable screening criteria.
- 123 5. Whether the new owner will, without the tenant’s consent, impose a material change in the
124 terms of the lease during the three month tenant notification period and, if so, the language of
125 the material change and explanation of its effect.
- 126 6. Whether the new owner will terminate or not renew rental agreements without cause during
127 the three month tenant notification period and, if so, notice to the affected housing unit tenants
128 whose rental agreements will terminate and the date the rental agreements will terminate.
- 129 7. Whether the new owner intends to increase rent, require existing tenants to be rescreened to
130 determine compliance with existing or modified residency screening criteria, terminate or not
131 renew housing unit rental agreements, or impose a material change in the terms of the lease
132 without cause within 30 days immediately following the tenant notification period.
- 133 8. Whether the new owner intends to engage in construction activity at the property that would
134 trigger federal, state, or local law regarding lead paint or asbestos safety.
- 135 9. The date that the tenant notification period will expire.

136 B. Language requirement: Each notice required by this Section shall contain an advisory that reads as
137 follows: “This is important information about your housing. If you do not understand it, have someone
138 translate it for you now, or request a translation from your landlord.” This advisory must be stated in the
139 notice in the following languages: English, Spanish, Somali, Karen, and Hmong. Upon written request by
140 a tenant that identifies the tenant’s native language, the owner must provide a written translation of the
141 notice in that language.

142 C. Notice to the City: The new owner must deliver a copy of the notice required by this Section to the City
143 of Roseville Community Development Department and City of Roseville Fire Department at the same
144 time that the notice is delivered to tenants.

145 D. Required tenant notification period: The new owner of a housing building must not terminate or not
146 renew a tenant’s rental agreement without cause, raise rent, re-screen existing tenants, or impose a material
147 change to the terms of the lease during the tenant notification period without providing the notices required
148 by this Section.

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910.05: Relocation Assistance

A. When Required: A new owner of a housing building must pay relocation assistance to housing unit tenants if, during the three month tenant notification period, the new owner:

1. Terminates or does not renew the tenant’s rental agreement without cause;
2. Raises the rent and the tenant terminates his or her rental agreement due to the rent increase;
3. Requires existing tenants to be re-screened or comply with new screening criteria and the owner or tenant terminates the tenant’s lease; or
4. Imposes a material change in the terms of the lease and the owner or tenant terminates or does not renew the tenant’s lease.

B. Amount: Relocation assistance shall be in an amount equal to three months of the monthly rent pursuant to the current lease.

C. When Paid: The new owner shall, when required, pay relocation assistance to the tenant of a housing unit within 30 days after receiving tenant’s written notice of termination of the lease or within 30 days after the owner notifies the tenant that the lease will be terminated or not renewed.

910.06: Tenant Complaints

A tenant of a housing unit who believes the new owner has not provided the tenant the notifications required under this Chapter may submit a notice of violation to the City. The purpose of the notice is to inform the City of an alleged violation of this Chapter to assist the City in determining whether to impose an administrative penalty provided for in this Section. The City is not required to take any particular action in response to a notice of violation, and any enforcement action it does take shall be on behalf of the City, not the tenant. Filing a notice of violation does not prohibit the tenant from pursuing any remedy available to the tenant under law.

910.07: Penalty

A. Violations: A violation of this Chapter is an administrative offense that may be subject to an administrative citation and civil penalties as provided in Title 1 of the City Code. Notwithstanding any provision of Title 1 of the City Code, the penalty for a violation of Sections 910.04 or 910.05 shall be the sum of the applicable amount of relocation assistance plus \$500.

B. Number of Offenses: A violation of this Chapter shall constitute a separate offense for each dwelling unit affected.

C. Transfer of Funds: Within 30 days after a person pays the penalty in Section 910.07.A to the City, the City shall pay to the displaced tenant of the housing unit in which the violation occurred an amount equal to the relocation assistance amount specified in Section 910.05.B.

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185 D. Additional Redress: In addition, any tenant aggrieved by a landlord's noncompliance with this Chapter
186 may seek redress in any court of competent jurisdiction to the extent permitted by law.

187 **Section Two. Effective Date.** This ordinance amendment to the City Code shall take effect upon passage
188 and publication of the ordinance.

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190 Passed this 24th day of October, 2022.

ORDINANCE SUMMARY NO. _____

**AN ORDINANCE CREATING A NEW CHAPTER 910
TO THE ROSEVILLE CITY CODE,
TENANT NOTIFICATION AND NOTICE OF POTENTIAL SALE
WITH RESPECT TO LICENSED RENTAL PROPERTIES
CONTAINING 5 OR MORE UNITS**

The following is the official summary of Ordinance No. _____ approved by the City Council of Roseville on October 24, 2022:

The Roseville City Code, Title 9, Building Regulations, Chapter 910, Tenant Notification and Notice of Potential Sale has been created to provide housing stability, protection, and notification to tenants in licensed rental housing of five or more units during an ownership transition. The ordinance defines various terms, including Affordable Housing Building, Available for Sale, Cause, Housing Building, Material Change, Rent, Tenant Notification Period, and Transfer of Ownership. The ordinance requires a 90-day notification to the City and tenants prior to an affordable housing building being made available for sale. The ordinance implements a three month notification period to tenants of housing units under new ownership whereby new ownership may not take certain actions during the notification period, including raising rent, rescreening a tenant, or imposing a material change to the lease, which causing the tenant and/or landlord to terminate the rental agreement. If such actions are taken during the three month tenant notification period relocation assistance must be paid equal to three months of the monthly rent pursuant to the current lease. The ordinance includes a process for complaints and penalties.

A printed copy of the ordinance is available for inspection by any person during regular office hours in the office of the City Manager at the Roseville City Hall, 2660 Civic Center Drive, Roseville, Minnesota 55113. A copy of the ordinance and summary shall also be posted at the Reference Desk of the Roseville Branch of the Ramsey County Library, 2180 Hamline Avenue North, and on the Internet web page of the City of Roseville (www.ci.roseville.mn.us).

Attest: _____

Patrick Trudgeon, City Manager