

City of Culver City, California  
**City Council and Redevelopment Agency Agenda Item Report**

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| Meeting Date: 11/26/07                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Item Number: <u>J-1</u>                                                                |  |
| <b>AGENDA ITEM: JOINT ITEM: Adoption of an Agency Resolution and a Council Resolution Amending the Rules and Regulations for Implementation of the California Relocation Assistance Law Relating to the Last Resort Housing Alternatives Section.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |                                                                                        |  |
| Contact Person/Dept.: Joe Susca                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | Phone Number: (310) 253-5763                                                           |  |
| Fiscal Impact: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | General Fund: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>      |  |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  | Action Item: <input type="checkbox"/> Attachments: <input checked="" type="checkbox"/> |  |
| Public Notification:<br>Master Notification List (11/21/07)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |                                                                                        |  |
| Department Approval:<br>Sol Blumenfeld                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | City Attorney Approval:<br>Carol Schwab (by H. Iker) (11/29/07)                        |  |
| Fiscal Impact Review:<br>Marlee Chang (by N. Kimball)(11/20/07)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | City Manager Approval:<br>Jerry B. Fulwood (11/29/07)                                  |  |
| <p><b><u>RECOMMENDATION:</u></b></p> <p>Staff recommends the City Council and Culver City Redevelopment Agency adopt respective resolutions amending the existing Rules and Regulations for Implementation of the California Relocation Assistance Law” (the “Relocation Guidelines”) relating to the interpretation of the Last Resort Housing Alternatives section.</p> <p><b><u>BACKGROUND:</u></b></p> <p>Public agencies must adopt Relocation Guidelines to implement procedures specified by relocation law in California. Relocation Guidelines address the following areas: advisory assistance and record keeping; preparation of a relocation plan; assurance of replacement housing; relocation payments to residents and businesses; procedures for claims, payment, grievances, property acquisition and property management practices.</p> <p>Overland Pacific &amp; Cutler (“OPC”) performs relocation assistance to displaced persons on behalf of the Agency. OPC is also the firm who prepared an update to the City and Agency Relocation Guidelines that were adopted by Council Resolution 2006-R069 and Agency Resolution 2006-A2008 on October 3, 2006. Among other changes made, the updated Relocation Guidelines defined the maximum relocation payment that a displaced tenant could qualify for as \$5,250, which may be applied toward either the rental of comparable housing or toward the down payment or closing costs to purchase a dwelling. The maximum amount may be exceeded however, if households cannot find a replacement dwelling within their financial</p> |  |                                                                                        |  |

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means. In these situations, the City and Agency obligation is to pay additional funds as necessary to re-house displaced persons into comparable housing that is within their financial means.

**DISCUSSION:**

When interpreting the Relocation Guidelines, ambiguity exists when determining the Last Resort Housing Alternatives section for displaced residential tenants. Staff has worked with OPC and the Agency's General Counsel to propose an amendment to the Last Resort Housing Alternatives section of the Relocation Guidelines that adheres to the State of California requirement of comparing 30% of a tenant's income to payment of the difference between their new and prior rents for a period of 42 months. Staff recommends the following amendment be made to the Relocation Guidelines to better clarify this section by adding the following text to section 6. § 413, b., (1) after the first paragraph, but prior to paragraph (2):

*For tenants, if the calculated replacement housing benefit in accordance with § 617, is in excess of the monetary limit of § 615, a Last Resort Housing benefit payment will be made only if a comparable replacement dwelling is not available within the displaced persons financial means, as determined pursuant to Paragraph 5 of § 211. In the event the calculated replacement housing benefit is in excess of the monetary limit and a comparable replacement dwelling is not available within the displaced persons financial means, the Last Resort Housing benefit payment will not exceed an amount calculated by multiplying 42 months times the difference between the monthly rent and utilities necessary to rent a comparable replacement dwelling (as determined by the Displacing Agency) and 30% of the household's average gross monthly income. If the calculation of the Last Resort Housing benefit amount is less than the monetary limit of § 615, the replacement housing benefit will not, in any event, be less than the monetary limit of § 615.*

*In order to receive any Last Resort Housing benefit as identified in this section, the displaced person must provide adequate income documentation. If no income documentation is provided or the income documentation is insufficient or unreasonable, no Last Resort Housing benefit calculation will be made and the monetary limit of § 615 shall apply.*

Staff also recommends that the following phrase be inserted at the beginning of Paragraph 5 of section 211: "*Is within the financial means of the displaced person*" and to change the word "renters" to "tenants" within paragraph 5 of Section 211.

**Rental Tenant Examples:**

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The following two scenarios provide examples of how a tenant's Last Resort Housing Alternative benefit would be calculated and assumes in both instances that utilities are included in their monthly rent. In both examples, we compare a tenant's new and prior rent to 30% of their total monthly income:

EXAMPLE 1:    30% of monthly income is:            \$ 800  
                     Prior Monthly Rent:                 \$ 650  
                     New Monthly Rent:                    \$1,000  
                     Difference in prior/new rents:        \$ 350

Using this information, two calculations are made to determine what the Last Resort Housing benefit would be as follows:

Step 1    Prior/new rent difference; (\$350) times 42 = \$14,700.

Step 2    Compare new rent to 30% of income; (\$200) times 42 = \$8,400.

In the example above, the Last Resort Housing Benefit would be \$8,400 since even though Step 1 exceeds \$5,250; Step 2 concludes that the tenant's monthly income is insufficient to pay the increased rent at their new dwelling.

EXAMPLE 2:    30% of monthly income is:            \$1,000  
                     Prior Monthly Rent:                 \$ 650  
                     New Monthly Rent:                    \$1,000  
                     Difference in prior/new rents:        \$ 350

Calculation:   Step 1    Prior/new rent difference (\$350) times 42 = \$14,700

                     Step 2    Compare new rent to 30% of income (\$0)

In this example, the Last Resort Housing Alternative Benefit would be \$5,250 since Step 2 concludes that the tenant's monthly income is sufficient to pay the increased rent at their new dwelling.

Conclusion:

Altering the Relocation Guidelines by adding and amending the text as indicated above will clarify the method in which the Last Resort Housing Alternative benefit is applied.

**FISCAL ANALYSIS:**

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The Last Resort Housing Alternative benefit is only one component of a tenant's overall relocation benefit package. Adoption of the revised Relocation Guidelines will not alter the City's or Agency's existing obligations towards displaced residents and businesses.

**ATTACHMENTS:**

1. Proposed Agency Resolution No. 2007-A\_\_\_\_
2. Proposed Council Resolution No. 2007-R\_\_\_\_\_
3. Redlined version of changes to the Relocation Guidelines

**MOTION:**

That the City Council:

Adopt a Resolution amending the "Rules and Regulations for Implementation of the California Relocation Assistance Law" and rescinding Resolution No. 2006-R069;

AND

That the Redevelopment Agency:

Adopt a Resolution amending the "Rules and Regulations for Implementation of the California Relocation Assistance Law" and rescinding Resolution No. 2006-A2008.