

**BILL NO. 2018-11**

**AN ORDINANCE ADOPTING A NEW CITY CODE SECTION 409 RELATING TO THE SALE OF AFFORDABLE RENTAL HOUSING AND ESTABLISHING NOTICE AND RELOCATION ASSISTANCE REQUIREMENTS FOR NEW OWNERS**

**THE CITY OF RICHFIELD DOES ORDAIN:**

**SECTION 1.** The Richfield City Code is amended by adding a new Section 409 as follows:

**SECTION 409. – SALE OF AFFORDABLE RENTAL HOUSING; NOTICE AND RELOCATION ASSISTANCE REQUIREMENTS**

**409.00. – Purpose.** It is the purpose of this Section to provide housing stability and protection to tenants in affordable rental housing who are facing displacement by providing for notice to the City and tenants when transitions from current affordable housing uses are planned, and providing tenant relocation assistance when affordable housing is converted and tenants are required to move without adequate time to find new housing.

**409.01. – Definitions.**

**Subdivision. 1.** The following definitions apply in this Section:

- (a) “Affordable housing building” means an apartment house as defined in 407.03 having three or more dwelling units, where at least 20% of the units rent for an amount that is affordable to households at or below 60 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota- Wisconsin Metropolitan Statistical Area, as adjusted for household size and number of bedrooms.
- (b) “Affordable housing unit” means a rental unit in an affordable housing building that rents for an amount that is affordable to households at or below 60 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul- Bloomington, Minnesota- Wisconsin Metropolitan Statistical Area, as adjusted for household size and number of bedrooms.
- (c) “Cause” means the tenant or a member of the tenant’s household materially violated a term of the lease or rental agreement, or violated an applicable federal, state, or local law or regulation.
- (d) “Relocation assistance” means a payment in the amount equal to three months of the current monthly contract rent.

- (e) “Tenant protection period” means the period that commences on the date when written notice of the transfer of ownership is sent to each affordable housing unit tenant pursuant to subsection 409.03 and ends on the last day of the third full calendar month following the date on which the notice was sent pursuant to subsection 409.03.
- (f) “Transfer of ownership” means any conveyance of title to an affordable housing building, whether legal or equitable, voluntary or involuntary, resulting in a transfer of control of the building, effective as of the earlier of the date of delivery of the instrument of conveyance or the date the new owner takes possession.

#### **409.03. – Transfer of Ownership.**

**Subdivision 1. Notice.** Within thirty (30) days after the transfer of ownership of an affordable housing building, the new owner shall give written notice to each affordable housing unit tenant of the building that the property is under new ownership. The notice must include the following information:

- (a) The name, mailing address, and telephone number of the new owner.
- (b) The following statement: Richfield City Code Section 409 provides for a three-month tenant protection period for affordable housing unit tenants after an affordable housing building is transferred to a new owner. Under Section 409, affordable housing unit tenants are entitled to relocation assistance from the new owner if, during the tenant protection period, the new owner:
  - (1) Without cause, terminates or does not renew the tenant’s rental agreement;
  - (2) Raises the rent and the tenant submits a written notice of termination of their rental agreement; or,
  - (3) Requires existing affordable housing unit tenants to comply with new residency screening criteria and the owner or tenant terminates or does not renew the tenant’s rental agreement.
- (c) Whether there will be any rent increase during the tenant protection period, the amount of the rent increase, and the date the rent increase will take effect.
- (d) Whether the new owner will require existing affordable housing unit tenants to comply with new residency screening criteria during the tenant protection period and, if so, a copy of the new screening criteria.

- (e) Whether the new owner will, without cause, terminate or not renew the tenant's rental agreement during the tenant protection period, and if so, the date the rental agreement will terminate and the amount of relocation assistance that will be provided.
- (f) The date the tenant protection period will expire.
- (g) Whether the new owner, on the day immediately following the tenant protection period, intends to: increase rent; require existing affordable housing unit tenants to comply with new residency screening criteria; or, without cause, terminate or not renew affordable housing unit rental agreements.

**Subd. 3. Copy of notices to City.** The new owner shall provide a copy of the notices required by this subsection to the City at the same time notice is provided to the tenant or tenants.

**Subd. 4. Copy of Rent Roll to City.** If the new owner claims the property or the unit does not meet the definition of Affordable Housing Building or Affordable Housing Unit, upon request, the owner shall provide a copy of the rent roll, including the amount of contract rents paid by tenants, to the City.

**Subd. 5. Language requirement.** Each notice required by this subsection shall contain an advisory that reads as follows: "This is important information about your housing. If you do not understand it, have someone translate it for you now, or request a translation from your landlord." This advisory must be stated in the notice in the following languages: Spanish, Somali, and Hmong. Upon request by a tenant, the owner must provide a written translation of the notice into the tenant's native language.

#### **409.05. – Relocation Assistance.**

**Subdivision 1. When required.** A new owner of an affordable housing building must pay relocation assistance to affordable housing unit tenants when, during the tenant protection period, the new owner:

- (a) Without cause, terminates or does not renew the tenant's rental agreement; or,
- (b) Raises the rent and the tenant submits a written notice of termination of their rental agreement; or
- (c) Requires existing tenants to comply with new residency screening criteria and the owner or tenant terminates or does not renew the tenant's rental agreement.

**Subd. 2. When paid.** The new owner must pay the relocation assistance to the tenant within 30 days after receiving tenant's written notice of termination of the

rental agreement or within 30 days after the owner notifies the tenant that the rental agreement will be terminated or not renewed.

**409.07. – Penalty.**

**Subdivision 1.** A violation of subsection 409.05 is an administrative offense that may be subject to an administrative citation and civil penalties as provided in City Code Section 325. Notwithstanding any provision of City Code Section 325, the penalty for a violation of subsection 409.05 shall be the sum of the applicable amount of relocation assistance plus \$500.

**Subd. 2.** A violation of subsection 409.03 is an administrative offense that may be subject to an administrative citation and civil penalties as provided in City Code 325.

**Subd. 3.** A violation of this Section as to each dwelling unit shall constitute a separate offense.

**409.09. – Payment by City to Displaced Tenant.** Within 30 days after a person pays the penalty provided for in subsection 409.07, subd. 1, the city shall pay to the displaced tenant of the affordable housing unit for which the violation occurred, the applicable amount of relocation assistance.

**SECTION 2.** This Ordinance shall take effect January 1, 2019.

Adopted this 25<sup>th</sup> day of September, 2018, by the City Council of the City of Richfield.

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Pat Elliott, Mayor

ATTEST:

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Elizabeth VanHoose, City Clerk