



SAN FERNANDO CITY COUNCIL  
SPECIAL MEETING NOTICE AND AGENDA  
NOVEMBER 21, 2016 – 5:00 PM  
CITY HALL – COMMUNITY MEETING ROOM  
117 MACNEIL STREET  
SAN FERNANDO, CA 91340

**NOTICE IS HEREBY GIVEN** that the San Fernando City Council will hold a Special Meeting on **Monday, November 21, 2016, at 5:00 p.m.**, in the Community Meeting Room, located at 117 Macneil Street, San Fernando, California.

**CALL TO ORDER/ROLL CALL**

Mayor Robert C. Gonzales  
Vice Mayor Joel Fajardo  
Councilmember Antonio Lopez  
Councilmember Jaime Soto  
Councilmember Sylvia Ballin

**PLEDGE OF ALLEGIANCE**

Mayor Robert C. Gonzales

**APPROVAL OF AGENDA**

**PUBLIC STATEMENTS – WRITTEN/ORAL**

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the City Council. Only matters contained in this notice may be considered.

# SAN FERNANDO CITY COUNCIL

Special Meeting Notice and Agenda – November 21, 2016

Page 2 of 2

---

## **STUDY SESSION**

### **1) STUDY SESSION REGARDING POTENTIAL DEVELOPMENT OF A RENT STABILIZATION AND DISPUTE RESOLUTION ORDINANCE AND PROGRAM**

Recommended that the City Council:

- a. Receive and file the update report; and
- b. Provide staff and the City Attorney with direction regarding potential development of a Rent Stabilization and Dispute Resolution Ordinance and Program.

## **ADJOURNMENT**

*I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 24 hours prior to the meeting.*

*Elena G. Chávez, CMC*

*City Clerk*

*Signed and Posted: November 17, 2016 (5:00 p.m.)*

---

*Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet website ([www.sfcity.org](http://www.sfcity.org)). These are also available for public reviewing prior to a meeting in the City Clerk Department. Any public writings distributed by the City Council to at least a majority of the Councilmembers regarding any item on this regular meeting agenda will also be made available at the City Clerk Department at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's website at [www.sfcity.org](http://www.sfcity.org). In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk Department at (818) 898-1204 at least 48 hours prior to the meeting.*

---

**Special Meeting**  
**San Fernando City Council**

*This Page  
Intentionally  
Left Blank*

**1**

*This Page  
Intentionally  
Left Blank*



## AGENDA REPORT

---

**To:** Mayor Robert C. Gonzales and Councilmembers

**From:** Brian Saeki, City Manager  
Fred Ramirez, Community Development Director  
Joaquin Vasquez, Assistant City Attorney

**Date:** November 21, 2016

**Subject:** Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program

### **RECOMMENDATION:**

It is recommended that the City Council:

- a. Receive and file the update report; and
- b. Provide staff and the City Attorney with direction regarding potential development of a Rent Stabilization and Dispute Resolution Ordinance and Program.

### **BACKGROUND:**

1. On May 2, 2016, Councilmember Ballin and Vice Mayor Fajardo discussed their joint-City Council Priority for Fiscal Year 2016-2017, consideration of developing a rent control ordinance and program in the City of San Fernando. As part of the discussion, the City Council directed staff and the City Attorney to return at a future meeting with an update regarding the potential development of a rent control ordinance and program within the City of San Fernando.
2. Since the May 2, 2016 City Council meeting, staff and the City Attorney have conducted an assessment of existing multi-family dwelling units in the City of San Fernando, the number of business licenses currently on file for residential rentals, and a comparison of various components of rent control/rent stabilization ordinances adopted in other cities throughout California.
3. On June 20, 2016, staff and the City Attorney made a presentation to the City Council regarding the potential development of a rent control ordinance and program. Subsequent to the presentation, the City Council requested that the item be agendaized for their consideration as part of future study session in order to allow the City Council sufficient

time to review the staff report and attachments (e.g., Costa-Hawkins Rental Housing Act, Ellis Act, and comparison of existing rent control/rent stabilization ordinances and/or programs currently in place throughout the State).

**ANALYSIS:**

Enabling Legislation, Purpose and Intent of a Rent Control Regulations.

The California State Constitution itself confers upon all cities and counties the power to "make and enforce within [their] limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws." (Cal. Const., art. XI, § 7.) A city's police power under this provision can be applied only within its own territory and is subject to displacement by general state law but otherwise is as broad as the police power exercisable by the Legislature itself. (*Stanislaus Co. etc. Assn. v. Stanislaus* (1937) 8 Cal. 2d 378, 383-384 [65 P.2d 1305]; *In re Maas* (1933) 219 Cal. 422, 425 [27 P.2d 373].)

The City's police power provides the authority to establish local ordinances such as zoning, building codes, health and safety, and rent control subject to findings that show said ordinances are being enacted for a specific public benefit. In the case of rent control ordinances, cities with rent control have made findings reasonably related to addressing excessive rents, identifying a shortage of decent and safe housing, right to non-discrimination of tenants, and maintaining the availability of existing housing that is resulting in tenant displacement while at the same time providing landlords with just and reasonable return on their properties.

Rent control ordinances are subject to compliance with the provisions of the Costa Hawkins Rental Housing Act of 1995 and the Ellis Act of 1986. A brief summary of each act is noted below:

- Costa Hawkins Rental Housing Act. The Costa-Hawkins Rental Housing Act (California Civil Code Section 1954.50-1954.535) (AB1164, Chapter 331, Statutes of 1995) ("Costa-Hawkins") was passed by the State Legislature in 1995.

Costa-Hawkins includes the following provisions: (1) housing constructed after 1995 must be exempt from local rent controls (Civil Code 1954.52(a)(1)); (2) new housing that was already exempt from a local rent control law in place before February 1, 1995, must remain exempt (Civil Code 1954.52(a)(2)); (3) single family homes and other units like condominiums that are separate from the title to any other dwelling units must be exempt from local rent controls (Civil Code Section 1954.52(a)(3)(A)); and (4) rental property owners must have the ability to establish their own rental rates when dwelling units change tenancy (Civil Code Sections 1954.50, et seq.). (See Attachment "A".)



- Ellis Act. The Ellis Act (California Government Code § 7060-7060.7) (SB 505 Chapter, Chapter 1509, Statutes of 1986) (“Ellis Act”) was passed by the State Legislature in 1986.

The Ellis Act gives landlords the right to withdraw their property from the rental market by repurposing their property for some other use (e.g. condos, hotels, dirt lots, etc.) notwithstanding the passage of a rent control ordinance by a public entity (local government) (Government Code Section 7060 et. seq.). For example, a landlord could evict his or her tenants from a rent-controlled apartment building if he or she chooses to repurpose the property to build condos or similar “luxury” type rentals. Such conversions under the Ellis Act have become increasingly common in cities traditionally associated with rent control, such as San Francisco, Santa Monica, and Los Angeles. Landlords’ utilization of the Ellis Act in such cities has reduced the number of units available to low-income renters while increasing the housing availability for wealthier renters (<http://la.curbed.com/2015/9/18/9919760/santa-monica-ellis-act-eviction-map>). At the same time, the law expressly allows local government to impose a variety of requirements (Government Code Sections 7060.1 et seq., through 7060.7 et seq.) on rental property owners who desire to exit the rental market. Depending upon the proposed use of the property after its removal from the market (i.e., condominium conversions, owner occupancy), local governments can enact regulations, including relocation assistance to displaced tenants, specific notice periods, and deed restrictions on future use of the property. (See Attachment “B”.)

- Aggregate Effects of the Costa-Hawkins and the Ellis Act. Taken as a whole, the Costa Hawkins and the Ellis Act severely limit the scope and efficacy of a local rent control ordinance. The former, known to some as the “Anti-Rent Control Act,” drastically reduces the number of units subject to local rent control and allows landlords to reset rents to a more lucrative market rate upon a vacancy (i.e. “vacancy decontrol”), preempting local rent restrictions. The latter essentially has incentivized landlords to take thousands of rent-controlled units off the market in favor of converting to non, rent-restricted uses.

Constitutional Requirement for Landlord Reasonable Rate Return on Investment and Due Process.

For the most part, the constitutionality of rent control is settled law. However, a rent control ordinance may be subject to constitutional challenges on its face (its explicit terms) or as-applied under certain circumstances. Such an ordinance could be considered an unconstitutional government “taking” if it is so restrictive that it precludes the possibility of a landlord’s fair and reasonable return on investment. Nevertheless, case law has determined that a rent control ordinance is valid even if it reduces the value or rate of return on the landlord’s investment. A rent control ordinance’s application can also be found to be unconstitutional if it denies a landlord due process or is applied arbitrarily so as to prevent a reasonable return on investment. Many rent control ordinances contain provisions to allow for fair returns on investment under which the landlords can raise rents on an annual basis (i.e.,

## **Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program**

Page 4 of 13

---

once every 12 months) with rent increased tied to a percentage maximum increase and many times tied to the local consumer price index (inflation). Landlords can also petition for other increases for such things as capital improvements, pass through of some utility fees (gas, electricity, water, etc.) as well as a percentage of annual rental unit registration and/or code enforcement fees. Some of these rental fee increases may be subject to review and approval of a landlord initiated petition by a rent board or commission.

### Existing Conditions in the City.

The United State Census estimates for the period of 2010-2014, note that there are 6,453 housing units in the City of San Fernando. Of the total housing units identified, 6,111 are occupied and of those occupied, there are 3,514 owner-occupied (57.5% of total occupied units) and 2,597 renter-occupied units (42.5% of total occupied units).

(Source: US Census 2010-2014 American Community Survey 5-Year Estimates; [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml#](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml#).)

Per City Code Section 22-135 (Hotels, rooming houses or residential rentals), "Every person engaged in the business of conducting or operating a hotel, [rooming house], boardinghouse, apartment house, [lodging house], duplex, triplex, house court or bungalow court and every person engaged in the business of renting or letting rooms, apartments or other accommodations for dwelling, sleeping or lodging in any such place or engaged in the business of renting or letting rooms, apartments or other accommodations for dwelling, sleeping or lodging in a single-family dwelling shall pay for each rental unit a license fee of \$25.00 per year or fractional part thereof for the first \$15,000.00 or less derived from such rental unit, plus \$3.00 per year for each additional \$1,000.00 of gross receipts or fractional part thereof in excess of \$15,000.00. However, one such rental unit may be exempt from the fee if the owner resides in the exempted rental unit." (Note: Each property owner is assessed an annual \$23.00 administrative processing fee regardless of the number of properties rented.)

### Number of Rental Units in the City by Housing Type.

Review of the 2016 City Business License records note that 505 Residential Rental Licenses were issued to property owners renting residential dwelling units in the City of San Fernando. The Residential Rental Licenses included over 632 properties with approximately 1,692 units identified in the County assessors records ranging in rentals of a single family residence on an individual parcels to parcels with multi-family residential complexes.

The City also conducted a citywide field survey of multi-family residential sites and has identified approximately 161 properties that have three or more units and include a total of 1,219 residential dwelling units. In addition, the City surveyed 304 properties with two residential dwelling units and identified an additional 610 residential dwelling units, which includes 29 Second Dwelling units.

**Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program**

The following Table 1.0 provides a summary of field surveyed 2,168 residential dwelling units by building size.

<b>Table 1.0 - Residential Dwelling Units by Building Size</b>								
<b>SFRs</b>	<b>2 Units</b>	<b>3 or 4 Units</b>	<b>5 to 10 Units</b>	<b>11 to 20 Units</b>	<b>21 to 30 Units</b>	<b>31 to 40 Units</b>	<b>41 to 50 Units</b>	<b>50 + Units</b>
<b>339</b>	<b>610</b>	<b>299</b>	<b>364</b>	<b>97</b>	<b>193</b>	<b>102</b>	<b>50</b>	<b>114</b>

As previously noted, the Costa Hawkins Rental Housing Act notes that certain units are exempt from a proposed rent control ordinance and associated program. These exemptions apply to the following dwelling units:

- (1) housing constructed after 1995 must be exempt from local rent controls (Civil Code 1954.52(a)(1));
- (2) new housing that was already exempt from a local rent control law in place before February 1, 1995, must remain exempt (Civil Code 1954.52(a)(2)); and
- (3) single family homes and other units like condominiums that are separate from the title to any other dwelling units must be exempt from local rent controls (Civil Code Section 1954.52(a)(3)(A)).

After removing all previously identified rental units exempted under the Costa Hawkins Rental Housing Act (i.e., built after 1995, single family homes, condominiums, townhomes), Table 2.0 notes all non-exempted identified residential dwelling units that could be regulated under a proposed rent control ordinance.

<b>Table 2.0 Non-Exempt Residential Rental Dwelling Units by Building Size</b>									
<b>SFRs</b>	<b>2 Units</b>	<b>3 or 4 Units</b>	<b>5 to 10 Units</b>	<b>11 to 20 Units</b>	<b>21 to 30 Units</b>	<b>31 to 40 Units</b>	<b>41 to 50 Units</b>	<b>50 + Units</b>	<b>Totals</b>
<b>0</b>	<b>581</b>	<b>294</b>	<b>348</b>	<b>97</b>	<b>118</b>	<b>102</b>	<b>50</b>	<b>0</b>	<b>1,590</b>

Comparison of Rent Control and Rent Stabilization Ordinances.

Staff and the City Attorney reviewed various rent control and rent stabilization ordinances currently adopted in other cities throughout California. Table 3.0 – Comparison of Rent Control/Stabilization Programs (Attachment “C”), provides a comparison of rent control and rent stabilization regulations for the cities of Berkeley, Beverly Hills, East Palo Alto, Hayward, Los Angeles, Oakland, Palm Springs, San Francisco, San Jose, Santa Monica, and West Hollywood. (Attachment “D”, provides a list of website links for each of the cities regulatory documents.)

## Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program

Page 6 of 13

---

The following components were identified as being part of a majority of the rent control and rent stabilization regulations that were reviewed:

- Section governing the administration of the Maximum Allowable Rent/setting limits on how much landlord may charge and when it can be increased including Annual General Adjustments;
- Section governing the registration of rental units;
- Section governing annual registration fees;
- Section governing the allowable rents during/after vacancies (including “vacancy de-control” which allows resetting of the rent to be charged to a new tenant at the time of signing of the lease);
- Section governing the allowable increases (1 per 12 month period) and decreases in rents;
- Section governing the allowable limits on and interest for security deposits to be paid back to tenants;
- Section governing the limits on other fees charged to tenants;
- Section addressing surcharge and other pass-through fees (e.g. utilities, % of registration/code enforcement inspection fees) beyond base rent;
- Section governing the requirements for maintenance of rental properties;
- Section outlining existing housing services;
- Section setting the grounds for termination or non-renewal of tenancy (“just-cause evictions” code section)
- Section(s) establishing the actions that could be illegal attempts to get a tenant to vacate the unit (“un-voluntary evictions/tenant harassment” code section(s));
- Section establishing fees to be paid by property owner for relocation/un-voluntary relocation/eviction;
- Regulation requires annual reporting of dwelling units;
- Regulation requires a per unit fee for ongoing housing/systematic code enforcement inspections;
- Regulation requires annual registration fee (per unit-administrative fee);
- Regulation establishes a Rent Adjustment Commission/Rent Board/Rent Review Officer/Hearing Officer and outlines specific duties and regulatory oversight under rent control/rent stabilization ordinance; and
- Section Outlining Administrative Penalties, Civil Remedies, Legal Actions that may be undertaken by the city for non-compliance with the rent control/rent stabilization regulations.

Of the eleven (11) cities surveyed, the cities of Los Angeles and Hayward were the only two with code enforcement inspection fees. In addition, the City of Los Angeles was the only city surveyed that had a detailed process by which code enforcement inspections were to be conducted on an ongoing basis. The code enforcement inspection fees per unit were \$43.32 per unit in the City Los Angeles and \$27.00 per unit in the City of Hayward.

All cities had varying levels of detail that outlined the level of maintenance and housing services that needed to be kept for rental units within the various rent control or rent stabilization programs as well as varying levels of regulatory oversight and enforcement actions that could be undertaken by the city to obtain compliance with the applicable regulations.

As noted in Table 3.0 (Attachment "C"), the rental unit registration fee or administrative fee also varied widely from city to city ranging from \$10.50 per unit in Palm Springs to \$234.00 per unit in the cities of Berkeley and East Palo Alto.

Rent Control Regulatory Options.

The following section provides some possible options regarding regulatory controls for identified rental dwelling units:

1. Residential Rent Increase Dispute Resolution Regulations. Similar to City of Fremont Ordinance (adopted in 1997) that provide renters and owners with a three-step process to resolve rent increase disputes. Seeks to discourage unreasonable rent increases and provides remedies to resolve rent increase disputes, limits rents to once per year unless otherwise agreed to by both renter and landlord, encourages 90-day minimum advance notice of rent increases, provides for well-maintained living units, discourages retaliatory evictions and other retaliatory behavior with dispute resolution services provided by outside third party (The city contracts with Project Sentinel's Fremont Fair Housing and Landlord/Tenant Services to provide Fair Housing information, and investigation of housing discrimination complaints.)

Budget Impact (Fiscal Year 2016-2017). Part-Time Code Enforcement Officer-Housing (\$50,000) to handle complaints on case by case basis (reactive approach); City Attorney code development and code enforcement activity (\$15,000); Referrals to Third Party Contract like Housing Rights Center for Landlord-Tenant Dispute Resolution (\$15,000); Total Cost = \$80,000.

2. Implementing Limited Rent Stabilization and Just Eviction Provisions, with Dispute Resolution Regulations. Establishing provisions that limit rent increases to one increase during a twelve (12) month period with initial rents established on lease and/or similar agreements negotiated between the Landlord and Tenant. In addition, the City would establish regulations outlining permitted "just evictions" consistent with applicable state and federal regulations as well as regulations outlining "unjust evictions" and the legal repercussions for Landlords that initiate these unjust evictions. These regulations would provide renters and owners with a process to attempt to resolve rent increase disputes. Similar to the Fremont regulations, the City proposed rent stabilization requirements would seek to discourage unreasonable rent increases, provides potential remedies to resolve rent increase disputes, limits rents to once per year unless otherwise agreed to by both renter and landlord, provides a 90-day minimum advance notice of rent increases,

provides for well-maintained living units, discourages retaliatory evictions and other retaliatory behavior.

The City is currently reviewing possible third party dispute resolution services such as those provided by the Housing Rights Center, which currently assist the City of San Fernando with Fair Housing information, and investigation of housing discrimination complaints. In addition, the City is looking into free dispute resolution services provided through the Los Angeles County Department of Consumer Affairs (<http://dcba.lacounty.gov/wps/portal/dca/main/home/mediation/>) and potential options for Landlord /Tenant dispute mediation services provided by the Los Angeles County Bar Association as part of their Community Mediation Services (<http://www.lacba.org/give-back/civic-mediation-project/community-mediation-services>).

Budget Impact (Fiscal Year 2016-2017). City Attorney code development and code enforcement activity (\$15,000); Referrals to Third Party Contract like Housing Rights Center for Landlord-Tenant Dispute Resolution (\$0-\$15,000); Total Cost = \$15,000-\$30,000.

3. Implementation of a Rent Control Establishing Base Rent/Maximum Allowable Rent Increase and Just Cause Eviction Provisions (including a Registration Fee but No Code Enforcement Annual Inspection Fee). Similar to Cities of Berkeley, Beverly Hills, East Palo Alto, Hayward, Oakland, Palm Springs, San Francisco, San Jose, Santa Monica, and West Hollywood.

Budget Impact (Fiscal Year 2016-2017). Rent Control Coordinator/Housing Manager to oversee program, process annual registration of rent control units, and participate in the dispute resolution process (\$106,000); Full Time Code Enforcement Officer-Housing Compliance Officer to handle complaints on case by case basis and conduct annual inspections of units over a 3 to 5 year cycle for all potential rental units under rent control program (\$90,000); City Attorney code development and code enforcement activity (\$15,000); Establishing Rent Control Board/Commission and Contracting with Hearings Officer (\$10,000); Finance Clerk Time to Process Fees, including invoicing, following up with delinquencies, and participating in collection activities for non-compliant landlords (\$15,000); Total Cost = \$236,000.

There is an opportunity to recover some costs to run this program, however, cost recovery is limited to the time spent processing registration of rent control units, provision of one inspection every 3 – 5 years, and possibly a fee for dispute resolution (although you probably won't get full cost recovery as you don't want to make the fee for dispute resolution so high that it discourages renters from filing a dispute). It is estimated that these fees may only recover 10% to 20% of the total cost.

4. Rent Control Establishing Base Rent and Maximum Allowable Rent with Just Cause Eviction Provisions (Including Mandatory Registration Fee and Code Enforcement Annual Inspection Fee). Similar to City of Los Angeles.

Budget Impact (Fiscal Year 2016-2017). Rent Control Coordinator/Housing Manager oversee program process annual registration of rent control units, and participate in the dispute resolution process (\$106,000); Administrative Analyst to provide support services to coordinator regarding program administration, rent and code enforcement registry (\$80,000); Full Time Code Enforcement Officer-Housing Compliance Officer to handle complaints on case by case basis and conduct annual inspections of units over a three to five year cycle for all potential rental units under rent control program (\$90,000); City Attorney code development and code enforcement activity (\$15,000); Establishing Rent Control Board/Commission; Contracting with Hearings Officer (\$10,000); Finance Clerk Time to Process Fees, including invoicing, following up with delinquencies, and participating in collection activities for non-compliant landlords (\$15,000); Total Cost = \$316,000.

There is an opportunity to recover some costs to run this program, however, cost recovery is limited to the time spent processing registration of rent control units, provision of one inspection every three to five years, and possibly a fee for dispute resolution (although you probably won't get full cost recovery as you don't want to make the fee for dispute resolution so high that it discourages renters from filing a dispute). It is estimated that these fees may only recover 10% to 20% of the total cost.

#### Eviction Protection

A landlord who wants to terminate a month-to-month tenancy can do so by properly serving a written 30-day or 60-day notice on the tenant. Generally, a 30-day or 60-day notice doesn't have to state the landlord's reason for ending the tenancy.

In some localities or circumstances, special rules may apply to 30-day or 60-day notices:

1. Some rent control cities require "just cause" for **eviction** under which eviction can only be effectuated for certain, enumerated reasons, and the landlord's notice must state the reason for termination.
2. Subsidized housing programs may limit allowable reasons for eviction, and may require that the notice state one of these reasons.
3. Some reasons for eviction are unlawful. For example, an eviction cannot be **retaliatory** or discriminatory.

With regard to "just cause" eviction procedures noted in No. 2, above, California case law enables local governments to enact rent control regulations with additional protection for

**Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program**

tenants in controlled units by requiring that the landlord state and prove just cause for termination *Danekas v. San Francisco Rent Stabilization and Arbitration Bd.* (2001) 95 Cal.App.4th 638.

Tenancies that may otherwise be exempt from rent increase limitations under a rent stabilization ordinance can still be made subject to eviction protection through which tenants can only be evicted for specific enumerated reasons. For example, single family homes are typically exempt from rent stabilization ordinances but jurisdictions can apply “just cause” eviction procedures to single family home tenancies.

The following are examples illustrating the grounds for eviction under certain jurisdictions’ just cause eviction provisions:

<b>JURISDICTION</b>	<b>GROUND FOR EVICTION</b>
City and County of San Francisco	<ul style="list-style-type: none"><li>• Non-payment of rent or habitual late payment of rent;</li><li>• Breach of a rental agreement of lease;</li><li>• Owner-occupancy by a member of the landlord’s immediate family;</li><li>• To perform substantial rehabilitation of a building that is at least 50 years old, provided that the cost of the proposed work is at least 75% of the cost of the new construction;</li><li>• The withdraw the rental units form the rental market under the Ellis Act;</li><li>• Creation of a nuisance or substantial interference with the landlord or other tenants in the building; and</li><li>• To demolish or permanently remove a rental unit from housing use.</li></ul>
City of Glendale	<ul style="list-style-type: none"><li>• The tenant has failed to pay the rent to which the landlord is entitled;</li><li>• The tenant has violated their lease or rental agreement and has failed to comply after giving lawful notice.</li><li>• The tenant is committing or permitting to exist a nuisance or is causing waste to the property.</li><li>• The tenant is using or permitting a rental unit to be used for any illegal purpose.</li></ul>



**Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program**

JURISDICTION	GROUNDS FOR EVICTION
City of Oakland	<ul style="list-style-type: none"> <li>• Tenant’s failure to pay rent.</li> <li>• Material violation of rental agreement, including subletting, nuisance, and waste, in certain circumstances;</li> <li>• Refusal to execute a written extension or renewal with terms similar to those in prior agreements after a written request by the landlord;</li> <li>• Substantial damage by tenant;</li> <li>• Disorderly conduct by tenant;</li> <li>• Illegal conduct on the premises by tenant;</li> <li>• Landlord seeks to the unit as a residence;</li> <li>• Landlord seeks to use the unit as a residence for his or her spouse, domestic partner, child, parent, or grandparent, under certain circumstances;</li> <li>• Landlord withdraws the unit from the market under the Ellis Act;</li> <li>• Landlord seeks to make code compliance and repairs that cannot be made while the unit is occupied.</li> </ul>
City of San Diego	<ul style="list-style-type: none"> <li>• Nonpayment of rent by tenant.</li> <li>• Violation of obligation or covenant of the tenancy.</li> <li>• Tenant’s maintenance of a nuisance in the unit or appurtenances thereof or common areas of the complex.</li> <li>• Tenant’s allowance of the unit to be used for illegal purposes.</li> <li>• Tenant’s refusal to renew the lease of the unit for a further term of like duration with similar provisions.</li> <li>• Tenant’s refusal to provide reasonable access to the rental unit as described in California Civil Code Section 1954.</li> <li>• To allow for owner/relative/resident manager occupancy of the unit.</li> <li>• To make corrections of violations after having obtained all necessary permits form the City when removal of the tenant is necessary to accomplish repairs.</li> <li>• To withdraw all the units on the parcel of land from the rental market.</li> </ul>

**Study Session Regarding Potential Development of a Rent Stabilization and Dispute Resolution Ordinance and Program**

---

JURISDICTION	GROUNDS FOR EVICTION
City of Berkeley	<ul style="list-style-type: none"><li>• Tenant’s refusal to pay rent.</li><li>• Continuing violation of a material term of the lease.</li><li>• Tenant causes legal waste.</li><li>• Tenant’s refusal to sign a new lease that is substantially identical to the expired one.</li><li>• Tenant’s continuing disturbance of the peace.</li><li>• Tenant refuses the landlord reasonable access to the unit.</li><li>• The landlord needs to make repairs that cannot be made safely while the tenant is there.</li><li>• The landlord has received a permit to demolish the unit.</li><li>• The owner wishes to use the unit as a residence for the owner’s spouse, parent, or child.</li><li>• The tenant engages in unlawful activity on the premises.</li><li>• The tenant refuses to vacate temporary housing offered by the landlord after repairs to the tenant’s original unit are completed.</li></ul>

Cities may also provide a tenants in protected units with additional defenses to an unlawful detainer action that are not provided under state law. Two common defenses are: (1) proof that the unit in question was not properly registered; or (2) proof that the landlord is charging a rent that violates the rent control ordinance or is otherwise incorrect. *Fisher v. City of Berkeley* (1984) 37 Cal.App.3d 644, 699.

In addition to just cause eviction provisions and additional defenses, cities can adopt additional notice and pleading requirements for termination notices that do not conflict with state law. The most common eviction notice and pleading requirement added by rent control laws follows up on the just cause requirement: A landlord must allege in the notice to quit and the unlawful detainer complaint that the landlord has just cause to evict under one of the permissible grounds in the ordinance. Other common examples of additional notice and pleading requirements added by rent control laws include the provision of identities of witnesses and the citation of the particular section or paragraph of the lease that was allegedly violated.

Environmental Assessment.

This agenda item is not a “project” pursuant to California Environmental Quality Act (CEQA) Guidelines 15378.(b)(5) because the report provides background information regarding housing

topics and does not involve commitment to any specific project that may impact the environment; therefore, no environmental review is required.

**BUDGET IMPACT:**

The preparation of a Rent Stabilization and Dispute Resolution Ordinance and Program, inclusive of staff and City Attorney time is roughly estimated to cost \$15,000 during Fiscal Year 2016-2017, which will be heavily influenced by the direction from the City Council as far as the regulatory components sought in a City rent control ordinance. However, future implementation will require further fiscal analysis based on the scope of the regulatory requirements and needed oversight.

These yet to be determined costs include: staffing to administer the program (e.g., intake of rental unit registration fees, code enforcement fees, review of proposed rent appeals, unjust eviction claims); City Code enforcement (e.g., inspections of housing units for compliance with life/safety/housing quality standards, follow up on complaints, unpermitted units, etc.); and, funding for a board, commission, and/or hearing officer, et cetera.

As noted above in the four optional rent stabilization regulations and associated programs the costs to implement these ordinances with associated programs range from \$15,000 to \$316,000.

**CONCLUSION:**

Staff recommends that the City Council review potential rent control regulation alternatives and associated components from the various California cities surveyed as noted in Table 3.0 (Attachment "C"). In addition, staff is requesting that subsequent to City Council discussion that the City Council provide staff with direction on the components that should be included in a city rent control ordinance for further development by the staff and the City Attorney. Based on City Council direction, staff will determine the required discretionary review process, associated environmental assessment, and City fiscal impact to implement the City Council directive(s).

**ATTACHMENTS:**

- A. Costa-Hawkins Rental Housing Act (California Civil Code Section 1954.50-1954.535)
- B. Ellis Act (California Government Code § 7060-7060.7)
- C. Table 3.0 – Comparison of Rent Control/Stabilization Program
- D. List of Website Links to Surveyed Cities with Rent Control/Rent Stabilization Regulations

## CIVIL CODE

### SECTION 1954.50-1954.535

1954.50. This chapter shall be known and may be cited as the Costa-Hawkins Rental Housing Act.

1954.51. As used in this chapter, the following terms have the following meanings:

(a) "Comparable units" means rental units that have approximately the same living space, have the same number of bedrooms, are located in the same or similar neighborhoods, and feature the same, similar, or equal amenities and housing services.

(b) "Owner" includes any person, acting as principal or through an agent, having the right to offer residential real property for rent, and includes a predecessor in interest to the owner, except that this term does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent.

(c) "Prevailing market rent" means the rental rate that would be authorized pursuant to 42 U.S.C.A. 1437 (f), as calculated by the United States Department of Housing and Urban Development pursuant to Part 888 of Title 24 of the Code of Federal Regulations.

(d) "Public entity" has the same meaning as set forth in Section 811.2 of the Government Code.

(e) "Residential real property" includes any dwelling or unit that is intended for human habitation.

(f) "Tenancy" includes the lawful occupation of property and includes a lease or sublease.

1954.52. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial and all subsequent rental rates for a dwelling or a unit about which any of the following is true:

(1) It has a certificate of occupancy issued after February 1, 1995.

(2) It has already been exempt from the residential rent control ordinance of a public entity on or before February 1, 1995, pursuant to a local exemption for newly constructed units.

(3) (A) It is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision, as specified in subdivision (b), (d), or (f) of Section 11004.5 of the Business and Professions Code.

(B) This paragraph does not apply to either of the following:

(i) A dwelling or unit where the preceding tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827.

(ii) A condominium dwelling or unit that has not been sold separately by the subdivider to a bona fide purchaser for value. The initial rent amount of the unit for purposes of this chapter shall be the lawful rent in effect on May 7, 2001, unless the rent amount is governed by a different provision of this chapter. However, if a condominium dwelling or unit meets the criteria of paragraph (1) or

(2) of subdivision (a), or if all the dwellings or units except one have been sold separately by the subdivider to bona fide purchasers for value, and the subdivider has occupied that remaining unsold condominium dwelling or unit as his or her principal residence for at least one year after the subdivision occurred, then subparagraph (A) of paragraph (3) shall apply to that unsold condominium dwelling or unit.

(C) Where a dwelling or unit in which the initial or subsequent rental rates are controlled by an ordinance or charter provision in effect on January 1, 1995, the following shall apply:

(i) An owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all existing and new tenancies in effect on or after January 1, 1999, if the tenancy in effect on or after January 1, 1999, was created between January 1, 1996, and December 31, 1998.

(ii) Commencing on January 1, 1999, an owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all new tenancies if the previous tenancy was in effect on December 31, 1995.

(iii) The initial rental rate for a dwelling or unit as described in this paragraph in which the initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not, until January 1, 1999, exceed the amount calculated pursuant to subdivision (c) of Section 1954.53. An owner of residential real property as described in this paragraph may, until January 1, 1999, establish the initial rental rate for a dwelling or unit only where the tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of the Code of Civil Procedure.

(b) Subdivision (a) does not apply where the owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(c) Nothing in this section shall be construed to affect the authority of a public entity that may otherwise exist to regulate or monitor the basis for eviction.

(d) This section does not apply to any dwelling or unit that contains serious health, safety, fire, or building code violations, excluding those caused by disasters for which a citation has been issued by the appropriate governmental agency and which has remained unabated for six months or longer preceding the vacancy.

1954.53. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial rental rate for a dwelling or unit, except where any of the following applies:

(1) The previous tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827, except a change permitted by law in the amount of rent or fees. For the purpose of this paragraph, the owner's termination or nonrenewal of a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, shall be construed as a change in the terms of the tenancy pursuant to Section 827.

(A) In a jurisdiction that controls by ordinance or charter provision the rental rate for a dwelling or unit, an owner who terminates or fails to renew a contract or recorded agreement with a

governmental agency that provides for a rent limitation to a qualified tenant may not set an initial rent for three years following the date of the termination or nonrenewal of the contract or agreement. For any new tenancy established during the three-year period, the rental rate for a new tenancy established in that vacated dwelling or unit shall be at the same rate as the rent under the terminated or nonrenewed contract or recorded agreement with a governmental agency that provided for a rent limitation to a qualified tenant, plus any increases authorized after the termination or cancellation of the contract or recorded agreement.

(B) Subparagraph (A) does not apply to any new tenancy of 12 months or more duration established after January 1, 2000, pursuant to the owner's contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, unless the prior vacancy in that dwelling or unit was pursuant to a nonrenewed or canceled contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant as set forth in that subparagraph.

(2) The owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(3) The initial rental rate for a dwelling or unit whose initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not until January 1, 1999, exceed the amount calculated pursuant to subdivision (c).

(b) Subdivision (a) applies to, and includes, renewal of the initial hiring by the same tenant, lessee, authorized subtenant, or authorized sublessee for the entire period of his or her occupancy at the rental rate established for the initial hiring.

(c) The rental rate of a dwelling or unit whose initial rental rate is controlled by ordinance or charter provision in effect on January 1, 1995, shall, until January 1, 1999, be established in accordance with this subdivision. Where the previous tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of Code of Civil Procedure, an owner of residential real property may, no more than twice, establish the initial rental rate for a dwelling or unit in an amount that is no greater than 15 percent more than the rental rate in effect for the immediately preceding tenancy or in an amount that is 70 percent of the prevailing market rent for comparable units, whichever amount is greater.

The initial rental rate established pursuant to this subdivision may not substitute for or replace increases in rental rates otherwise authorized pursuant to law.

(d) (1) Nothing in this section or any other provision of law shall be construed to preclude express establishment in a lease or rental agreement of the rental rates to be applicable in the event the rental unit subject thereto is sublet. Nothing in this section shall be construed to impair the obligations of contracts entered into prior to January 1, 1996.

(2) If the original occupant or occupants who took possession of the dwelling or unit pursuant to the rental agreement with the owner no longer permanently reside there, an owner may increase the rent by any amount allowed by this section to a lawful sublessee or assignee who did not reside at the dwelling or unit prior to January 1, 1996.

(3) This subdivision does not apply to partial changes in occupancy of a dwelling or unit where one or more of the occupants of the premises, pursuant to the agreement with the owner provided for above, remains an occupant in lawful possession of the dwelling or

unit, or where a lawful sublessee or assignee who resided at the dwelling or unit prior to January 1, 1996, remains in possession of the dwelling or unit. Nothing contained in this section shall be construed to enlarge or diminish an owner's right to withhold consent to a sublease or assignment.

(4) Acceptance of rent by the owner does not operate as a waiver or otherwise prevent enforcement of a covenant prohibiting sublease or assignment or as a waiver of an owner's rights to establish the initial rental rate, unless the owner has received written notice from the tenant that is party to the agreement and thereafter accepted rent.

(e) Nothing in this section shall be construed to affect any authority of a public entity that may otherwise exist to regulate or monitor the grounds for eviction.

(f) This section does not apply to any dwelling or unit if all the following conditions are met:

(1) The dwelling or unit has been cited in an inspection report by the appropriate governmental agency as containing serious health, safety, fire, or building code violations, as defined by Section 17920.3 of the Health and Safety Code, excluding any violation caused by a disaster.

(2) The citation was issued at least 60 days prior to the date of the vacancy.

(3) The cited violation had not been abated when the prior tenant vacated and had remained unabated for 60 days or for a longer period of time. However, the 60-day time period may be extended by the appropriate governmental agency that issued the citation.

1954.535. Where an owner terminates or fails to renew a contract or recorded agreement with a governmental agency that provides for rent limitations to a qualified tenant, the tenant or tenants who were the beneficiaries of the contract or recorded agreement shall be given at least 90 days' written notice of the effective date of the termination and shall not be obligated to pay more than the tenant's portion of the rent, as calculated under the contract or recorded agreement to be terminated, for 90 days following receipt of the notice of termination of nonrenewal of the contract.

---

## GOVERNMENT CODE

### SECTION 7060-7060.7

7060. (a) No public entity, as defined in Section 811.2, shall, by statute, ordinance, or regulation, or by administrative action implementing any statute, ordinance or regulation, compel the owner of any residential real property to offer, or to continue to offer, accommodations in the property for rent or lease, except for guestrooms or efficiency units within a residential hotel, as defined in Section 50519 of the Health and Safety Code, if the residential hotel meets all of the following conditions:

(1) The residential hotel is located in a city and county, or in a city with a population of over 1,000,000.

(2) The residential hotel has a permit of occupancy issued prior to January 1, 1990.

(3) The residential hotel did not send a notice of intent to withdraw the accommodations from rent or lease pursuant to subdivision (a) of Section 7060.4 that was delivered to the public entity prior to January 1, 2004.

(b) For the purposes of this chapter, the following definitions apply:

(1) "Accommodations" means either of the following:

(A) The residential rental units in any detached physical structure containing four or more residential rental units.

(B) With respect to a detached physical structure containing three or fewer residential rental units, the residential rental units in that structure and in any other structure located on the same parcel of land, including any detached physical structure specified in subparagraph (A).

(2) "Disabled" means a person with a disability, as defined in Section 12955.3 of the Government Code.

7060.1. Notwithstanding Section 7060, nothing in this chapter does any of the following:

(a) Prevents a public entity from enforcing any contract or agreement by which an owner of residential real property has agreed to offer the accommodations for rent or lease in consideration for a direct financial contribution or, with respect to written contracts or agreements entered into prior to July 1, 1986, for any consideration. Any contract or agreement specified in this subdivision is not enforceable against a person who acquires title to the accommodations as a bona fide purchaser for value (or successors in interest thereof), unless (1) the purchaser at the time of acquiring title to the accommodations has actual knowledge of the contract or agreement, or (2) a written memorandum of the contract or agreement which specifically describes the terms thereof and the affected real property, and which identifies the owner of the property, has been recorded with the county recorder prior to July 1, 1986, or not less than 30 days prior to transfer of title to the property to the purchaser. The county recorder shall index such a written memorandum in the grantor-grantee index.

As used in this subdivision, "direct financial contribution" includes contributions specified in Section 65916 and any form of interest rate subsidy or tax abatement provided to facilitate the



acquisition or development of real property.

(b) Diminishes or enhances, except as specifically provided in Section 7060.2, any power which currently exists or which may hereafter exist in any public entity to grant or deny any entitlement to the use of real property, including, but not limited to, planning, zoning, and subdivision map approvals.

(c) Diminishes or enhances any power in any public entity to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of any accommodations.

(d) Supersedes any provision of Chapter 16 (commencing with Section 7260) of this division, Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of this code, Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code, Part 2 (commencing with Section 43) of Division 1 of the Civil Code, Title 5 (commencing with Section 1925) of Part 4 of Division 3 of the Civil Code, Chapter 4 (commencing with Section 1159) of Title 3 of Part 3 of the Code of Civil Procedure, or Division 24 (commencing with Section 33000) of the Health and Safety Code.

(e) Relieves any party to a lease or rental agreement of the duty to perform any obligation under that lease or rental agreement.

7060.2. If a public entity, by valid exercise of its police power, has in effect any control or system of control on the price at which accommodations may be offered for rent or lease, that entity may, notwithstanding any provision of this chapter, provide by statute or ordinance, or by regulation as specified in Section 7060.5, that any accommodations which have been offered for rent or lease and which were subject to that control or system of control at the time the accommodations were withdrawn from rent or lease, shall be subject to the following:

(a) (1) For all tenancies commenced during the time periods described in paragraph (2), the accommodations shall be offered and rented or leased at the lawful rent in effect at the time any notice of intent to withdraw the accommodations is filed with the public entity, plus annual adjustments available under the system of control.

(2) The provisions of paragraph (1) shall apply to all tenancies commenced during either of the following time periods:

(A) The five-year period after any notice of intent to withdraw the accommodations is filed with the public entity, whether or not the notice of intent is rescinded or the withdrawal of the accommodations is completed pursuant to the notice of intent.

(B) The five-year period after the accommodations are withdrawn.

(3) This subdivision shall prevail over any conflicting provision of law authorizing the landlord to establish the rental rate upon the initial hiring of the accommodations.

(b) If the accommodations are offered again for rent or lease for residential purposes within two years of the date the accommodations were withdrawn from rent or lease, the following provisions shall govern:

(1) The owner of the accommodations shall be liable to any tenant or lessee who was displaced from the property by that action for actual and exemplary damages. Any action by a tenant or lessee pursuant to this paragraph shall be brought within three years of the withdrawal of the accommodations from rent or lease. However, nothing in this paragraph precludes a tenant from pursuing any

alternative remedy available under the law.

(2) A public entity which has acted pursuant to this section may institute a civil proceeding against any owner who has again offered accommodations for rent or lease subject to this subdivision, for exemplary damages for displacement of tenants or lessees. Any action by a public entity pursuant to this paragraph shall be brought within three years of the withdrawal of the accommodations from rent or lease.

(3) Any owner who offers accommodations again for rent or lease shall first offer the unit for rent or lease to the tenant or lessee displaced from that unit by the withdrawal pursuant to this chapter, if the tenant has advised the owner in writing within 30 days of the displacement of his or her desire to consider an offer to renew the tenancy and has furnished the owner with an address to which that offer is to be directed. That tenant, lessee, or former tenant or lessee may advise the owner at any time during the eligibility of a change of address to which an offer is to be directed.

If the owner again offers the accommodations for rent or lease pursuant to this subdivision, and the tenant or lessee has advised the owner pursuant to this subdivision of a desire to consider an offer to renew the tenancy, then the owner shall offer to reinstitute a rental agreement or lease on terms permitted by law to that displaced tenant or lessee.

This offer shall be deposited in the United States mail, by registered or certified mail with postage prepaid, addressed to the displaced tenant or lessee at the address furnished to the owner as provided in this subdivision, and shall describe the terms of the offer. The displaced tenant or lessee shall have 30 days from the deposit of the offer in the mail to accept the offer by personal delivery of that acceptance or by deposit of the acceptance in the United States mail by registered or certified mail with postage prepaid.

(c) A public entity which has acted pursuant to this section, may require by statute or ordinance, or by regulation as specified in Section 7060.5, that an owner who offers accommodations again for rent or lease within a period not exceeding 10 years from the date on which they are withdrawn, and which are subject to this subdivision, shall first offer the unit to the tenant or lessee displaced from that unit by the withdrawal, if that tenant or lessee requests the offer in writing within 30 days after the owner has notified the public entity of an intention to offer the accommodations again for residential rent or lease pursuant to a requirement adopted by the public entity under subdivision (c) of Section 7060.4. The owner of the accommodations shall be liable to any tenant or lessee who was displaced by that action for failure to comply with this paragraph, for punitive damages in an amount which does not exceed the contract rent for six months.

(d) If the accommodations are demolished, and new accommodations are constructed on the same property, and offered for rent or lease within five years of the date the accommodations were withdrawn from rent or lease, the newly constructed accommodations shall be subject to any system of controls on the price at which they would be offered on the basis of a fair and reasonable return on the newly constructed accommodations, notwithstanding any exemption from the system of controls for newly constructed accommodations.

(e) The amendments to this section enacted by the act adding this subdivision shall apply to all new tenancies created after December 31, 2002. If a new tenancy was lawfully created prior to January 1, 2003, after a lawful withdrawal of the unit under this chapter, the amendments to this section enacted by the act adding this subdivision

may not apply to new tenancies created after that date.

7060.3. If a public entity determines to apply constraints pursuant to Section 7060.2 to a successor in interest of an owner who has withdrawn accommodations from rent or lease, the public entity shall record a notice with the county recorder which shall specifically describe the real property where the accommodations are located, the dates applicable to the constraints and the name of the owner of record of the real property. The notice shall be indexed in the grantor-grantee index.

A person who acquires title to the real property subsequent to the date upon which the accommodations thereon have been withdrawn from rent or lease, as a bona fide purchaser for value, shall not be a successor in interest for the purposes of this chapter if the notice prescribed by this section has not been recorded with the county recorder at least one day before the transfer of title.

7060.4. (a) Any public entity which, by a valid exercise of its police power, has in effect any control or system of control on the price at which accommodations are offered for rent or lease, may require by statute or ordinance, or by regulation as specified in Section 7060.5, that the owner notify the entity of an intention to withdraw those accommodations from rent or lease and may require that the notice contain statements, under penalty of perjury, providing information on the number of accommodations, the address or location of those accommodations, the name or names of the tenants or lessees of the accommodations, and the rent applicable to each residential rental unit.

Information respecting the name or names of the tenants, the rent applicable to any residential rental unit, or the total number of accommodations, is confidential information and for purposes of this chapter shall be treated as confidential information by any public entity for purposes of the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code). A public entity shall, to the extent required by the preceding sentence, be considered an "agency," as defined by subdivision (d) of Section 1798.3 of the Civil Code.

(b) The statute, ordinance, or regulation of the public entity may require that the owner record with the county recorder a memorandum summarizing the provisions, other than the confidential provisions, of the notice in a form which shall be prescribed by the statute, ordinance, or regulation, and require a certification with that notice that actions have been initiated as required by law to terminate any existing tenancies. In that situation, the date on which the accommodations are withdrawn from rent or lease for purposes of this chapter is 120 days from the delivery in person or by first-class mail of that notice to the public entity. However, if the tenant or lessee is at least 62 years of age or disabled, and has lived in his or her accommodations for at least one year prior to the date of delivery to the public entity of the notice of intent to withdraw pursuant to subdivision (a), then the date of withdrawal of the accommodations of that tenant or lessee shall be extended to one year after the date of delivery of that notice to the public entity, provided that the tenant or lessee gives written notice of his or her entitlement to an extension to the owner within 60 days of the date

of delivery to the public entity of the notice of intent to withdraw. In that situation, the following provisions shall apply:

(1) The tenancy shall be continued on the same terms and conditions as existed on the date of delivery to the public entity of the notice of intent to withdraw, subject to any adjustments otherwise available under the system of control.

(2) No party shall be relieved of the duty to perform any obligation under the lease or rental agreement.

(3) The owner may elect to extend the date of withdrawal on any other accommodations up to one year after date of delivery to the public entity of the notice of intent to withdraw, subject to paragraphs (1) and (2).

(4) Within 30 days of the notification by the tenant or lessee to the owner of his or her entitlement to an extension, the owner shall give written notice to the public entity of the claim that the tenant or lessee is entitled to stay in their accommodations for one year after date of delivery to the public entity of the notice of intent to withdraw.

(5) Within 90 days of date of delivery to the public entity of the notice of intent to withdraw, the owner shall give written notice to the public entity and the affected tenant or lessee of the owner's election to extend the date of withdrawal and the new date of withdrawal under paragraph (3).

(c) The statute, ordinance, or regulation of the public entity adopted pursuant to subdivision (a) may also require the owner to notify any tenant or lessee displaced pursuant to this chapter of the following:

(1) That the public entity has been notified pursuant to subdivision (a).

(2) That the notice to the public entity specified the name and the amount of rent paid by the tenant or lessee as an occupant of the accommodations.

(3) The amount of rent the owner specified in the notice to the public entity.

(4) Notice to the tenant or lessee of his or her rights under paragraph (3) of subdivision (b) of Section 7060.2.

(5) Notice to the tenant or lessee of the following:

(A) If the tenant or lessee is at least 62 years of age or disabled, and has lived in his or her accommodations for at least one year prior to the date of delivery to the public entity of the notice of intent to withdraw, then tenancy shall be extended to one year after date of delivery to the public entity of the notice of intent to withdraw, provided that the tenant or lessee gives written notice of his or her entitlement to the owner within 60 days of date of delivery to the public entity of the notice of intent to withdraw.

(B) The extended tenancy shall be continued on the same terms and conditions as existed on date of delivery to the public entity of the notice of intent to withdraw, subject to any adjustments otherwise available under the system of control.

(C) No party shall be relieved of the duty to perform any obligation under the lease or rental agreement during the extended tenancy.

(d) The statute, ordinance, or regulation of the public entity adopted pursuant to subdivision (a) may also require the owner to notify the public entity in writing of an intention to again offer the accommodations for rent or lease.

7060.5. The actions authorized by Sections 7060.2 and 7060.4 may be

taken by regulation adopted after public notice and hearing by a public body of a public entity, if the members of the body have been elected by the voters of the public entity. The regulation shall be subject to referendum in the manner prescribed by law for the ordinances of the legislative body of the public entity except that:

(a) The decision to repeal the regulation or to submit it to the voters shall be made by the public body which adopted the regulation.

(b) The regulation shall become effective upon adoption by the public body of the public entity and shall remain in effect until a majority of the voters voting on the issue vote against the regulation, notwithstanding Section 9235, 9237, or 9241 of the Elections Code or any other law.

7060.6. If an owner seeks to displace a tenant or lessee from accommodations withdrawn from rent or lease pursuant to this chapter by an unlawful detainer proceeding, the tenant or lessee 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 chapter, or statutes, ordinances, or regulations of public entities adopted to implement this chapter, as authorized by this chapter.

7060.7. It is the intent of the Legislature in enacting this chapter to supersede any holding or portion of any holding in *Nash v. City of Santa Monica*, 37 Cal.3d 97 to the extent that the holding, or portion of the holding, conflicts with this chapter, so as to permit landlords to go out of business. However, this act is not otherwise intended to do any of the following:

(a) Interfere with local governmental authority over land use, including regulation of the conversion of existing housing to condominiums or other subdivided interests or to other nonresidential use following its withdrawal from rent or lease under this chapter.

(b) Preempt local or municipal environmental or land use regulations, procedures, or controls that govern the demolition and redevelopment of residential property.

(c) Override procedural protections designed to prevent abuse of the right to evict tenants.

(d) Permit an owner to withdraw from rent or lease less than all of the accommodations, as defined by paragraph (1) or (2) of subdivision (b) of Section 7060.

(e) Grant to any public entity any power which it does not possess independent of this chapter to control or establish a system of control on the price at which accommodations may be offered for rent or lease, or to diminish any such power which that public entity may possess, except as specifically provided in this chapter.

(f) Alter in any way either Section 65863.7 relating to the withdrawal of accommodations which comprise a mobilehome park from rent or lease or subdivision (f) of Section 798.56 of the Civil Code relating to a change of use of a mobilehome park.

Table 3.0 -Comparison of Rent Control/Stabilization Programs\*

Program Component	Cities										
	Berkeley**	Beverly Hills***	East Palo Alto	Hayward	Los Angeles	Oakland	Palm Springs	San Francisco	San Jose	Santa Monica	West Hollywood
Section governing the administration of the Maximum Allowable Rent/setting limits on how much landlord may charge and when it can be increased	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section governing the registration of rental units	✓		✓	✓	✓	✓	✓		✓	✓	✓
Section governing annual registration fees	✓		✓	✓		✓	✓		✓	✓	✓
Section governing the allowable rents during/after vacancies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section governing the allowable increases (1 per 12 month period) and decreases in rents	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	1.5% (tied to CPI)	8% or CPI whichever is less; 10%	2%-2.4% (tied to CPI)	5.00%	3% (tied to CPI)	2% (tied to CPI)	(75% of CPI)	1.6% (tied to CPI)	5%-8% (tied to CPI)	0%-6% (75% of percentage change of CPI)	(75% of CPI)
Section governing the allowable limits on and interest for security deposits to be paid back to tenants	✓	✓	✓	✓	✓		1950.5 of the California Civil Code	1950.5 of the California Civil Code	1950.5 of the California Civil Code	✓	✓
Section governing the limits on other fees charged to tenants	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section addressing surcharge and other pass-through fees (e.g. utilities, % of registration/code enforcement inspection fees) beyond base rent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section governing the requirements for maintenance	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Section outlining existing housing services	✓	✓	✓		✓	✓		✓	✓	✓	✓
Section setting the grounds for termination or non-renewal of tenancy ("eviction code section")	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section establishing the actions which could be illegal attempts to get a tenant to vacate the unit (harassment code section).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section establishing fees to be paid by property owner for relocation/unvoluntary relocation/eviction			✓		✓	✓	✓	✓	✓	✓	
Ordinance Requires Annual Reporting of Units under Rent Control Regulations	✓		✓	✓	✓	✓				✓	✓
Ordinance Requires Per Unit Fee for Ongoing Housing/Systematic Code Enforcement Inspection				✓	✓						
	\$ -	\$ -	\$ -	\$ 27.00	\$ 43.32	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ordinance Requires Annual Registration Fee (per unit); Administrative Fee***	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	\$ 234.00	\$ 54.00	\$ 234.00	\$ 41.00	\$ 24.51	\$ 30.00	\$ 10.50	\$ 37.00	\$ 12.50	\$ 174.96	\$ 120.00
Rent Adjustment Commission/Rent Board/Rent Review Officer/Hearing Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Section Outlining Administrative Penalties, Civil Remedies, Legal Actions by City	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Renter Occupied Units (2014 US Census Est.)	26,476	8,665	4,376	21,838	835,503	93,806	9,672	221,143	132,236	33,931	16,998
Approximate number of units covered	20,000	6,200	2,500	8,929	600,000	66,000	707	173,000	44,300	28,069	16,895
Percentage of Total Rental Units	76%	72%	57%	41%	72%	70%	7%	78%	34%	83%	99%
Rental Vacancy Rate (2014 US Census Est.)	3.8%	3.9%	4.1%	3.2%	4.3%	5.3%	10.2%	3.0%	2.5%	2.8%	4.0%

Note: City of San Fernando renter occupied units estimated at 2,597 units in (2014 US Census Est.) and a Vacancy Rate of 4.0 (2014 US Census Est.)

**Table 3.0 - Comparison of Rent Control/Stabilization Programs\* (Continued)**

Program Component	Cities										
	Berkeley	Beverly Hills	East Palo Alto	Hayward	Los Angeles	Oakland	Palm Springs	San Francisco	San Jose	Santa Monica	West Hollywood
Properties that Fall Under the Ordinance	All dwelling units being offered for rent including properties with two or more units unless otherwise exempted as noted below.	All residential rental dwelling units built before 9/20/1978 except as otherwise exempted below.	All dwelling units being offered for rent except those specifically exempted below.	Any residential unit other than a mobilehome unit.	Applies to rental properties built on or before 10/1/1978 including: apartments, condos, townhomes,	Any dwelling unit, including joint living and work quarters, and all housing services located in Oakland and used or occupied in consideration of rent payments with exceptions noted below.	All mobile home spaces, apartment, condominiums, or single family residence	All residential rental units including mobile homes built before 6/13/1979;	Properties with three or more rental dwelling units	All residential rental units including mobile homes;	Ordinance applies to properties with more than one dwelling unit with a Certificate of Occupancy issued before 7/1/1979
		apartment units are under some form of rent control;			duplex, to or more single family dwellings on one lot; rooms in hotels, motels, rooming and boarding houses occupied by the same tenant for more than 30 days.						Ordinance applies to properties with only one dwelling unit on entire property were original C of O was issued before 7/1/1979 and whose tenants moved in before 1/1/1996.
Properties Exempt from Rent Control	Residential dwelling units constructed after 2/1/1995 (Costa Hawkins Rental Housing Act); Government owned units; units rented for less than 14-consecutive dates, non-profit rental units	Single family residences; hotels, motels, inns, roominghouses, condominiums.	Transient Occupancy: motels, hotels, inns, tourist houses, rooming and boarding houses rented for less than 30 days.	Housing accommodations in hospitals, extended care facilities, convalescent homes, dormitories operated by school or private organization.	One dwelling unit on one parcel; hotel, motel, inn, tourist home, rooming and boarding houses rented for less than 30 days.	government owned/managed/operated or subsidized dwelling units;	hotel, motel, inn, tourist home, rooming and boarding houses rented for less than 30 days.	Single family homes with tenancy after 1/1/1996 and condos; Rental units in hotels, motels, inns, tourist homes, rooming and boarding houses rented for less than 32 days;	Rental units in hotels, motels, inns, tourist homes, rooming and boarding houses rented for less than 14 days;	Rental units in hotels, motels, inns, tourist homes, rooming and boarding houses rented for less than 14 days;	As of 1/1/1999, New Construction Units with C of O issued on or after 1/1/1979
	4-unit complexes with an owner-occupied unit that existed before 12/31/1979;	Government rental units, dwelling units in a structure built after 9/29/1978.	Care Facilities: hospital, skilled nursing, long term health care facility convalescent home/hospice care; Government owned or funded buildings.	government owned/operated/managed or subsidized dwelling units; hotel, motel, inn, tourist home, rooming and boarding houses rented for less than 30 days.	residential dwelling units in non-profit cooperatives, unless rented or leased to tenant; units in hospitals, medical facilities, asylums, non-profit homes for the aged;	hotel, motel, inn, tourist home, rooming and boarding houses rented for less than 30 days.	Units used primarily for commercial purposes; units in buildings, mobile home parks or developments of four units or less, while one unit is owner occupied.	government owned; rental units in a non-profit cooperative; non-profit owned dwelling units; housing accommodations by hospital, monastery, extended care	government owned or subsidized rental units; rental units located in an building containing two or fewer dwellings.	government rental units; rental units in hospitals, convent, monastery, extended medical facility, asylum, non-profit long term health, hospice care facility;	As of 1/1/1999, Properties with only one dwelling unit on property (condominiums or single family residences)
	Newly constructed units built after June 30, 1980.	does not apply to condominium units, single-family homes, or commercial spaces	Units (rooms) within a landlord shared dwelling unit.	Dwelling units issued a certificate of occupancy after 7/1/1979; dwelling units in a non-profit cooperative owned/operated by majority of residents.	LA Housing Authority/government owned/managed/operated/subsidized units;	Units used primarily for commercial purposes; units in buildings, mobile home parks or developments of three units or less, while one unit is owner occupied.	Units used primarily for commercial purposes; units in buildings, mobile care/adult daycare, school dormitories, live work units built after 6/13/1979.	facility, asylum, residential care/adult daycare, school dormitories, live work units built after 6/13/1979.	condominiums, duplexes, townhomes or single-family residential units; units with rent that is fully or partially paid for by a federal subsidy; units built after September 7, 1979.	Rental units and dwellings built after adoption of Ordinance;	As of 1/1/1999, Government-owned or subsidized residential rental properties.
	non-profit Affordable housing units				Housing accommodations with Certificate of Occupancies after 10/1/1978; Luxury Home Accommodations; Substantially rehabilitated dwellings;	residential dwelling units in non-profit cooperatives, unless rented or leased to tenant; units in hospitals, medical facilities, asylums, non-profit homes for the aged;	government owned/managed/operated units; Residential dwelling units began construction on or after 4/1/1979.	50 year dwelling units that have been substantially rehabbed after 6/13/1979.	Single Family homes not used for rentals on 1/1/1984 or after vacancy of more than two years; condominiums, stock cooperatives or similar unit.		Institutional facilities, non-profit housing; & some units in hotels and motels.
Properties Temporary Exemption from Rent Control			Single Family Dwellings-Costa Hawkins Act; Units constructed after 1/1/1998;		Recreational vehicles in mobile home park; dwellings in limited-equity cooperatives; mobile home parks with permits to operate before ordinance adoption.	Single Family Dwellings-Costa Hawkins Act; Units constructed after 1/1/1983; substantially rehabilitated buildings.	Units in owner occupied two & three unit properties; non-profit housing units; units with voucher assistance.				Individual units on rent stabilized properties that are owner or family occupied.
			Units in owner occupied two & three unit properties; non-profit housing units; units with voucher assistance.			Units in owner occupied two & three unit properties; non-profit housing units; units with voucher assistance.					Units permanently withdrawn from the rental market for non-rental common area purposes (e.g., laundry rooms, community rooms, etc.)

City of Fremont has a Rental Dispute Resolution Ordinance that establishes regulations to discourage unreasonable rent increases on occupied units by providing remedies to resolve rent increase disputes (rent control ordinance).

\* Appendix 2-List of Cities with Rent Control from California Department of Consumer Affairs; <http://www.dca.ca.gov/publications/landlordbook/appendix2.shtm>

\*\*Berkeley uses Housing Code Inspection to inspect multifamily.

List of Website Links to Surveyed Cities with Rent Control/Rent Stabilization Regulations

- **BERKELEY**  
Website Links: <http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=5668> ;  
<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=9296> ; Berkeley Municipal Code Chapter 13.76
- **BEVERLY HILLS**  
Website Links:  
<http://www.beverlyhills.org/citygovernment/departments/communitydevelopment/codecompliance/rentcontrolinformation/> ;  
<http://www.beverlyhills.org/cbhfiles/storage/files/6480008081066173622/Chapter5Code.pdf>  
Chapter 5: Rent Stabilization Part 1;  
<http://www.beverlyhills.org/cbhfiles/storage/files/1896679878573563570/Chapter6Code.pdf>  
**Chapter 6:** Rent Stabilization Part 2;
- **EAST PALO ALTO**  
Website Links: <http://www.ci.east-palo-alto.ca.us/index.aspx?nid=273> ; <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469> ; Chapter 14.04 – Rent Stabilization and Just Cause for Eviction Ordinance
- **HAYWARD**  
Website Links: <http://www.hayward-ca.gov/your-government/programs/rent-review-residential-rent-stabilization> ; <http://www.hayward-ca.gov/sites/default/files/ResidentialRentOrdinance.pdf> ; City of Hayward Ordinance No. 03-01
- **LOS ANGELES**  
Website Links: <http://hcidla.lacity.org/RSO-Overview> ;  
[http://library.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:lamc\\_ca](http://library.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:lamc_ca) ; CHAPTER XV Rent Stabilization Ordinance
- **OAKLAND**  
Website Links:  
<http://www2.oaklandnet.com/government/o/hcd/o/RentAdjustment/DOWD008793> ;  
Oakland Municipal Code Chapter 8.22
- **PALM SPRINGS**  
Website Links: <http://www.ci.palm-springs.ca.us/government/departments/community-economic-development-department/rent-control> ; <http://www.qcode.us/codes/palmsprings/>  
Chapter 4.02 Rent Control



List of Website Links to Surveyed Cities with Rent Control/Rent Stabilization Regulations  
(Continued)

- SAN FRANCISCO  
Website Links: <http://sfrb.org/> ; <http://sfrb.org/ordinance-regulations> ; Chapter 37- Rent Ordinance
- SAN JOSE  
Website Links: <http://www.sanjoseca.gov/index.aspx?NID=1355> ;  
<http://www.sanjoseca.gov/index.aspx?NID=4743> Chapter 17.23 – Apartment Rent Ordinance
- SANTA MONICA  
Website Links: <http://www.smgov.net/Overview.aspx> ; Charter Amendment including Chapters 1 – 17
- WEST HOLLYWOOD  
Website Links: <http://www.weho.org/residents/rent-stabilization-housing/rent-stabilization> ;  
<http://qcode.us/codes/westhollywood/>; West Hollywood Municipal Code Title 17 – Rent Stabilization