

TRANSMITTAL

To: **THE COUNCIL**

Date: **02/13/20**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garcetti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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January 29, 2020

CF No.: 17-0454
14-0268-S9
19-0718
Council District: Citywide
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Honorable Eric Garcetti
Mayor, City of Los Angeles
200 North Spring Street, Room 303
Los Angeles, California 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) RECOMMENDATIONS ON THE ADOPTION OF A JUST CAUSE EVICTION PROGRAM FOR NON-RENT STABILIZED UNITS (CF No. 17-0454 & 19-0718) AND A TENANT NOTIFICATION PROGRAM (CF No. 14-0268-S9)

SUMMARY

In accordance with Executive Directive No. 3, the General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks approval of recommendations to implement a citywide Just Cause Eviction protection program for non-rent stabilized (Non-RSO) rental units, as permitted under the Tenant Protection Act of 2019 (AB 1482). Assembly Bill 1482 provides modest eviction protections for rental units constructed more than 15 years ago, but permits local jurisdictions to adopt more robust tenant protections on evictions.

Council motions 17-0454 (Cedillo and Harris-Dawson) and 19-0718 (O'Farrell and Wesson) requested an analysis of statewide eviction laws and recommendations that can be adopted to safeguard tenants' ability to remain in their homes. HCIDLA's report provides additional recommendations in response to motion 14-0268-S9 by Councilmember Huizar regarding a tenant notification program. The purpose of a Just Cause eviction ordinance for non-rent stabilized rental units is to promote stability in the Los Angeles rental housing market and limit the adverse impacts of displacement on long-term residential tenants forced to find replacement housing in an

expensive and scarce housing market, where landlords may freely evict tenants in order to obtain higher rents. A Just Cause eviction ordinance would strengthen legal protections for tenants in non-rent stabilized units, deter arbitrary evictions, and serve as an important tool in the City's efforts to prevent homelessness throughout the City.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. INSTRUCT the City Attorney, with the assistance of HCIDLA, to draft a "Just Cause" evictions ordinance which will:
 - i. Regulate evictions on all non-RSO multi-family rental units, as well as rentals in single family homes and non-RSO condominiums that are owned by a Real Estate Investment Trust, corporation, or limited liability corporation in which at least one member is a corporation, to restrict evictions to those reasons allowed under the Rent Stabilization Ordinance (RSO) (LAMC 151.09);
 - ii. Require the payment of relocation assistance and relocation services for all "No-Fault" evictions and the filing of Landlord Declarations of Intent to Evict for "No-Fault" evictions in the manner and amounts required under LAMC 151.09;
 - iii. Require landlords to notify tenants of their rights at the onset of a tenancy and post a Tenant Protections Notification in a common area of the rental property in the format prescribed by HCIDLA.
 - iv. Amend Section 151.09.A.8(c) of the RSO to allow evictions in order to install a resident manager only when an on-site manager is required by law.
 - v. Include in the new ordinance a provision that the Rent Adjustment Commission (RAC) shall be responsible for promulgating rules and regulations to effectuate the provisions of the Just Cause evictions ordinance.
 - B. INSTRUCT HCIDLA to report back on staff resources and funding necessary to implement a Just Cause Evictions Protection ordinance, including the appropriate annual rental unit registration fee to pay for these services.
 - C. INSTRUCT HCIDLA to work with the Rent Adjustment Commission (RAC) to adopt rules and regulations necessary to implement a Just Cause Evictions Protection Ordinance and other provisions of the new tenant protections ordinances.

BACKGROUND

The City Council adopted the RSO in May 1979 in order to safeguard tenants from excessive rent increases while providing landlords with just and reasonable returns from their rental units. The

RSO generally applies to rental units constructed for residential use on or before October 1, 1978, with the exception of one single-family dwelling on a single parcel.

Council motion 17-0454 instructs HCIDLA, in consultation with the City Attorney, to communicate with cities in the Bay Area on the feasibility of preparing an ordinance that prohibits landlords from terminating tenancies in rental units not subject to the City's Rent Stabilization Ordinance (RSO) except for "just cause," as defined by the RSO's fourteen legal reasons for termination of a tenancy. Council motion 19-0718 similarly requests an analysis of statewide eviction laws and recommendations that can be adopted to safeguard tenants' ability to remain in their homes. According to the California Housing Partnership, since 2000, the median rent in Los Angeles County has increased 32%, while tenants' median income has decreased by three percent. According to a 2018 study conducted by the UCLA Luskin School of Public Affairs, Los Angeles renters are increasingly priced out of their homes and, in many cases, forced into homelessness.

The adoption of a Just Cause evictions ordinance would work in tandem with and complement the expanded tenant protection programs, enhancing the legal tools available to curb displacement and destabilization of the City's residential neighborhoods, increase housing stability, and reduce homelessness.

Rent Stabilization and Just Cause Protections in California

The following is a summary of California Just Cause evictions laws, as requested under Council File No. 17-0454 and 19-0718.

In Southern California, Santa Monica and West Hollywood, which have rent control, extend Just Cause eviction protections to non-rent controlled properties. The Santa Monica Just Cause Ordinance does not apply to single-family homes or condominiums, while West Hollywood's ordinance applies to all rental units in the City, including single-family homes. In both cities, evictions in non-RSO units are not investigated or enforced by City staff. Instead, the Just Cause provisions are asserted by tenants as an affirmative defense in eviction proceedings in Court. West Hollywood (WEHO) contracts with a legal organization to provide free eviction assistance to all WEHO tenants regardless of whether the unit is subject to that city's RSO, although it should be noted that WEHO regulates under 20,000 rental units, compared to 640,000 in Los Angeles.

Since 2016, several Northern California cities have passed rent stabilization programs with eviction control (Just Cause) protections, including Alameda, Mountain View, and Richmond. Each city's ordinances stabilize rents and limit the grounds for terminating tenancies. These cities also require landlords to pay relocation fees when terminating certain no-fault tenancies. In 2017, the City of Emeryville adopted a stand-alone Just Cause ordinance without rent limitations, requiring all residential housing or dwelling units to have a Just Cause for eviction. Similarly, San Diego and Glendale have had Just Cause only ordinances since the early 2000's. Oakland recently amended their ordinance to extend eviction protections to rental units built through December 31, 1995, rather than October 14, 1980.

Effective August 1, 2019, the City of Long Beach, which currently does not have rent control, adopted a “Tenant Relocation Assistance” program for tenants who are evicted for “Just Cause” or receive rent increases of 10% or more in any 12-month period.

The City of Inglewood recently approved permanent rent control measures that prohibit landlords from increasing rents more than 5% - 8% annually. Inglewood renters are also eligible for relocation assistance when they have lived in the rental unit for at least two years and are evicted for no-fault reasons.

On November 19, 2019, the County of Los Angeles Board of Supervisors adopted a permanent rent stabilization ordinance which will become effective April 1, 2020 for rentals in unincorporated areas of Los Angeles, including single family homes. The County ordinance requires all tenancies to be registered annually, limits allowable rent increases, and provides Just Cause eviction protections for approximately 50,000 units built before February 1, 1995.

As noted above, the cities with established Just Cause eviction protections differ on the categories and construction dates of covered rental units. In all the jurisdictions, failure to cite a Just Cause reason for eviction is an affirmative defense in eviction proceedings, enforced through the Court system, rather than by City staff. The Courts decide the outcome of an eviction trial and whether the tenant is to be evicted or to remain in possession of the rental unit. Staff in those jurisdictions does not investigate or intervene in evictions in non-rent controlled units, though the City of West Hollywood does contract with a legal aid organization to provide free legal assistance to residents faced with an eviction.

As reported under Council File No. 18-0610, the cities of New York and San Francisco have implemented comprehensive “Right to Counsel” programs to assist tenants in obtaining legal representation in eviction cases. Phase I of an Eviction Defense Program was recently approved by the Housing Committee and Personnel and Animal Welfare Committee in order to provide legal assistance and additional eviction prevention tools for the City’s low-income renters.

Eviction Protections under the RSO

Currently, the RSO allows fourteen reasons for eviction of tenants from RSO-regulated properties, eight “tenant at fault” causes and six “No-fault” causes. Tenant at-fault evictions include: non-payment of rent, violation of the lease or rental agreement, causing a nuisance, using the rental unit for an illegal purpose such as gang and drug activity, failure to renew the lease for the same duration or terms of the prior lease, denying the landlord access to the rental unit, having an unapproved subtenant not approved by landlord at the end of the lease term, and interfering with the landlord’s ability to perform primary renovation of the rental unit with sufficient advance notice.

Under the RSO, tenants evicted for no-fault reasons are entitled to relocation assistance from their landlords. The no-fault eviction reasons permitted under the RSO include: to move in a family member or resident manager, to comply with a government agency order to vacate the rental unit or to demolish or permanently remove the rental unit from the rental market.

Relocation assistance is required for no-fault evictions from RSO units, with the amount based on the length of tenancy, family composition, and income level of tenants, and adjusted annually based on the Consumer Price Index (CPI). “Mom and pop” landlords pay slightly lower amounts when they evict tenants for owner or family occupancy. Relocation amounts currently range from \$8,200 to \$21,200 and will be adjusted by approximately 3% on July 1, 2020, based on the CPI. In addition, landlords evicting tenants for no-fault reasons must file a “Landlord Declaration of Intent to Evict” with HCIDLA and pay for the services of the City’s relocation consultant for assistance to the tenants in finding alternative housing.

HCIDLA investigates approximately 10,000 annual complaints on potential RSO violations. Thirty-six percent are for illegal evictions and 9% involve non-payment of relocation assistance. Although the RSO regulates the reasons for which a tenant may be evicted, the eviction process itself is governed by state law.

In 2008, the City enacted the foreclosure eviction ordinance. This ordinance provides that banks or lenders who foreclose on single-family homes or new multi-family properties (those constructed after October 1, 1978) cannot evict tenants merely because they foreclose on the property. Under this ordinance, evictions in foreclosed properties are limited to the same legal reasons for eviction permitted under the RSO. In effect, the Foreclosure Eviction Moratorium provides Just Cause protections to renters in foreclosed single-family homes. This ordinance has been extended through December 31, 2020.

The eviction protections and relocation assistance requirements do not apply to non-RSO units. Under state law, a landlord can simply give a tenant a written notice to move by providing an advance 30 day notice (60 days if a tenant has lived in the rental unit a year or more) specifying the date on which the tenancy will end. A Just Cause eviction ordinance shifts the burden of proof from the tenant to the landlord because failure to provide a legal reason for eviction is an affirmative defense that tenants may use to contest the evictions. According to the Los Angeles Superior Court, 47,966 eviction actions were filed in Los Angeles County in 2017. In past years, that figure has surpassed 72,000. These numbers do not reflect “constructive” evictions when unscrupulous landlords attempt to force tenants to move out through illegal lockouts, utility terminations, arbitrary Notices to Quit, severe breaches of the warranty of habitability leading to “slum” conditions, and discrimination in housing.

Recommendations for a Los Angeles Just Cause Eviction Protection Program

A Just Cause eviction ordinance would provide renters citywide with a level of tenure security. Just Cause eviction requirements protect tenants against arbitrary, unreasonable, discriminatory, or retaliatory evictions by requiring that a tenancy may be terminated only for certain legal reasons, as permitted under the RSO. Currently, there are approximately 640,000 rental units subject to the RSO and approximately 833,000 multi-family units (2 or more units on a parcel) which are subject to the Systematic Code Enforcement Program (SCEP). An estimated 13,000 corporate-owned single-family homes and approximately 7,000 non-RSO corporate owned condominiums would be also covered under the proposed Just Cause evictions ordinance. Together, these additional 213,000 units represent an increase of **33%** in the inventory of rental units which would be subject to eviction protections and eligible to receive City services.

Assembly Bill 1482 specifically provides that individual jurisdictions may adopt stricter requirements on evictions than those prescribed in AB 1482. The following recommendations are intended to ensure more robust tenant protections, consistent with the provisions of the City's RSO, on evictions in non-RSO rental units, as well as for tenants of corporate-owned single-family dwellings and condominiums, in conformance with AB 1482.

Just Cause Evictions Ordinance – HCIDLA recommends approval of an ordinance to require a Just Cause reason for evictions from non-rent stabilized multi-family residential rental units in the City of Los Angeles, including transient or commercial units in hotels, motels, rooming or boarding houses occupied by the same tenant for more than 30 days as well as rented single family dwellings and condominiums which are corporate owned. The Just Cause ordinance would require landlords to cite one of the fourteen legal reasons for eviction currently provided in Section 151.09 of the RSO, regardless of the date of construction of the rental unit. In order to comport with AB 1482, HCIDLA recommends that the RSO be amended to allow evictions for installation of a resident manager only when an on-site manager is required by law (for buildings of 16 or more units).

Relocation Assistance - In addition to Just Cause eviction protections for residential units, HCIDLA recommends an ordinance to mandate payment of relocation assistance as currently required under Section 151.09.G for all No-Fault evictions. The relocation assistance would be set at the same level as RSO relocation requirements.

Tenant Notification - The Just Cause Eviction ordinance should include a requirement that landlords must provide a Tenant Protections Notification in a format prescribed by HCIDLA, to inform tenants of their rights and provide contact information for HCIDLA (similar to the existing provisions of LAMC 151.05.I). This Notification should be provided at the inception of tenancy, as well as posted in a common area accessible to tenants. Information to be provided will include: the RSO status or protected status of a property under AB 1482; eviction rights including tenant relocation assistance; and information on the proposed Eviction Defense Program. The Notification will be designed by HCIDLA and available to download online. This recommendation addresses Council File No. 14-0268-S9, a motion by Councilmembers Huizar and Cedillo to require landlords to inform renters of their rights including relocation assistance at the commencement of a tenancy.

Required Eviction Filings - As part of the implementation of Just Cause protections for non-RSO rental units, the City Attorney should prepare an ordinance that requires the filing of "Landlord Declarations of Intent to Evict" for no-fault evictions, payment of fees for the services of a relocation consultant, and relocation assistance to tenants as per the existing provisions of LAMC 151.09.C.

Adoption of Ordinance and Enforcement

HCIDLA recommends that the City Attorney prepare an ordinance that: 1) provides Just Cause eviction protections for rentals in non-RSO multi-family units as well as corporate-owned single-family homes and condominiums; 2) requires relocation assistance for no-fault evictions at the

same level as that required for RSO units; 3) requires landlords to file notifications with HCIDLA of Landlord Declarations of Intent to Evict for all no-fault evictions from units subject to the Just Cause ordinance; 4) makes violations of the new ordinance misdemeanors subject to the same remedies as exist for violations of the RSO; and 5) authorizes the RAC to promulgate rules and regulations to administer the ordinance.

Phase I of a proposed Eviction Defense Program was recently approved by the Housing Committee and Personnel and Animal Welfare Committee in order to provide legal assistance and additional eviction prevention tools. Adoption of a Just Cause eviction protection ordinance will greatly enhance the tools available under the Eviction Defense Program.

Implementation, Resources and Program Costs for Just Cause for Non-RSO Rental Units

The RSO program is funded entirely by the RSO rental unit registration fee, shared 50% - 50% between landlord and tenants. The fee was adjusted from \$24.51 to \$38.75 per unit per year, effective January 2020. However, services for non-RSO properties cannot be funded by the Rent Trust Fund, which is funded exclusively by fees paid by landlords and tenants of RSO properties; therefore, an alternate source of funding needs to be identified.

HCIDLA proposes to establish a new category of tenant protected rental units, for rental units not covered by the RSO, but subject to the proposed Just Cause evictions ordinance. In order to enforce a Just Cause program for non-RSO units, a new fee would need to be implemented to fund the program to cover staffing and services for the approximately 213,000 tenant households living in non-RSO rental units that will be eligible to file complaints of alleged violations of the Just Cause ordinance.

HCIDLA proposes to amend the existing contract with BAE Urban Economics, which recently completed the RSO fee study, to perform an analysis and recommend the appropriate fee to pay for the administration and enforcement of Just Cause eviction protections for non-RSO units, including resources for outreach efforts to educate both landlords and tenants who may be uninformed about the new laws. The request to amend Contract C-133535 was included in the report submitted under Council File No. 19-1305. The Scope of Work for the contract amendment will include the development of funding and fee recommendations to cover services for non-RSO units for administration of programs to effectuate both AB 1482 and a Just Cause eviction program.

Similar to the RSO, HCIDLA recommends that the program fee be shared equally between landlords and tenants. HCIDLA will report back with further recommendations on fees, staffing, and a Request for Proposals for education and outreach once the consultant completes their fee analysis and report.

FISCAL IMPACT

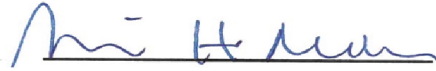
This new initiative requires funding from the General Fund or identification of a new source of funding. HCIDLA will report back on recommendations for a new fee for service for units covered under the Just Cause Evictions ordinance once the consultant completes their fee analysis and report.

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