

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: August 19, 2019

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S115
Assignment No: 19-06-0701

SUBJECT: Resolution (O'Farrell - Koretz) to Support AB 1481 (Grayson - Bonta)

CLA RECOMMENDATION: Adopt the attached Revised Resolution to include in the City's 2019-2020 State Legislative Program, SUPPORT for AB 1482 (Chiu) which would establish an annual limit to rental rate increases and would require landlords to have just cause to evict a tenant.

SUMMARY

The Resolution (O'Farrell - Koretz), introduced June 26, 2019, advises that California law requires a 60-day eviction notice to terminate tenancies that have lasted longer than a year and a 30-day notice for periodic rental agreements. Landlords are not required to provide a reason for an eviction. Without access to legal representation, families are left unable to fight against any unilateral action by landlords. Existing law places households in a precarious position whereby an eviction would force them to relocate in a high-cost rental market with limited resources and time. Several cities, including Los Angeles, have passed some form of tenant protections which would require "just cause" evictions, allowing eviction only in cases in which there are legal grounds for eviction.

The Resolution further advises that currently pending the California State Legislature is AB 1481 (Grayson – Bonta) which would require a landlord to have just cause to evict a tenant. The bill would define just cause as failure to pay rent, breach of lease, nuisance, waste, and illegal conduct. The bill would allow no fault evictions in the case where the landlord would like to demolish or remove a property from the rental market. Evictions without just cause result in the displacement of communities, disproportionately affecting communities of color, and push families into homelessness. Extending just cause protections would protect families from financial and emotional distress, preserve communities, and protect individuals from the risk of homelessness.

The Resolution recommends that the City support AB 1481 which would require a landlord to have just cause to evict a tenant.

BACKGROUND

AB 1481

The California Civil Code outlines procedures for the eviction of tenants in California. Landlords are required to provide notice at least 60 days prior to the proposed date of termination for the tenancy. For tenancies that have lasted less than one year, landlords are only required to provide notice at least 30 days prior to the proposed date of termination for the tenancy. AB 1481 would add Section 1946.2 to the California Civil Code which would mandate that no lessor of residential property shall terminate a lease without just case, which will be stated in the written notice provided through existing eviction procedure. The bill divides "just cause" evictions into "at-fault" and "no-fault" evictions. At-fault just cause evictions

are defined as failure to pay rent, breach of lease, nuisance, waste, refusal to sign new lease, and illegal conduct. No-fault just cause evictions are defined as owner intent to occupy property, withdrawal of property from rental market, unsafe habitation, and intent to demolish or remodel a property. The bill would also require that notice be provided of curable lease violation prior to eviction, and that in the case of no-fault evictions, the lessor provide relocation assistance to the tenant affected by the eviction.

A recent study from the Judicial Council of California demonstrates that between 2014 and 2016, an average of 166,000 California households were named in unlawful detainer proceedings each year. This number does not include tenants who vacated immediately after receiving notice without proceeding to court. Researchers have also found that eviction may itself be a cause of poverty. A 2017 survey found that 14 percent of the homeless population in Santa Cruz County cited eviction as the primary cause of their homelessness. Together with rising rental rates, no-fault evictions contribute to the increased racial and socio-economic segregation of communities. A lack of adequate eviction protections also leaves tenants vulnerable to retaliatory evictions by landlords.

Costa-Hawkins

The Costa-Hawkins Rental Housing Act of 1995 (Costa-Hawkins) allows an owner of residential property to establish initial and all subsequent rental rates for units that have a certificate of occupancy issued after February 1, 1995 or were already exempt from rental controls. Costa-Hawkins has prevented local jurisdictions from creating new rent controls or expanding established rent control laws. In Los Angeles, the City's Rent Stabilization Ordinance (RSO) provides for a limit to rent increases and just cause protection to tenants in RSO units. Landlords may only raise the rental rate in RSO units by an amount determined by the Housing and Community Investment Department, based on the average of the Consumer Price Index for the preceding 12 months. The RSO allows for evictions only for the following reasons: failure to pay rent, breach of lease, nuisance, property damage, criminal activity, intention of owner occupancy, and intent to remove the unit from the rental market.

AB 1482

Subsequent to the introduction of the Resolution (O'Farrell – Koretz), AB 1481 (Grayson – Bonta) was ordered to the inactive file after failing to pass its house of origin on the May 31st deadline. The provisions of the bill, however, were amended into AB 1482 (Chiu).

AB 1482 would limit rent increases to either 7 percent plus a cost of living adjustment or 10 percent, whichever is lower. The bill exempts all units that have been issued a certificate of occupancy in the preceding 10 years and units which are covered by more expansive rent protections. The average allowable rent increase by the RSO (about 2.5 percent) would continue to apply for RSO units. Non-RSO units would be protected by the rent-increase limit as provided by the AB 1482. The bill also expands just cause protections similar to those provided by the RSO to all rental tenants. The bill explicitly allows for further expansion of just cause eviction protections at the local level to allow for longer notice times, additional limits on allowable reasons for eviction, or higher relocation assistance. The rent increase and just cause eviction protections provided by AB 1482 would remain in effect until January 2023.

Support for AB 1482 is consistent with past City efforts to protect renters' rights, prevent displacement, and prevent homelessness. Adoption of the attached Revised Resolution is recommended.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department

BILL STATUS

02/22/19	Introduced
03/28/19	Referred to Committee on Housing and Community Development.
03/28/19	Amended, re-referred to Committee on Housing and Community Development.
04/22/19	Amended, re-referred to Committee on Housing and Community Development.
04/25/19	Approved by the Committee on Judiciary, referred to Committee on Appropriations.
05/08/19	Approved by the Committee on Appropriations.
05/29/19	Read third time. Passed. Ordered to Senate.
05/30/19	Read first time in Senate.
06/12/19	Referred to Committee on Judiciary.
06/28/19	Amended, re-referred to Committee on Judiciary.
07/10/19	Approved as amended by Committee on Judiciary, referred to Committee on Appropriations.
07/11/19	Read second time and amended. Re-referred to Committee on Appropriations.


Andy Galan
Analyst

Attachments: 1. Resolution (O'Farrell - Koretz)
2. Revised Resolution

RESOLUTION

RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, existing California law requires a 60-day eviction notice to terminate a tenancy if the tenant has occupied a unit for more than a year, while periodic rental agreements, such as month-to-month tenancies, only require a 30-day eviction notice; and

WHEREAS, both cases do not require a landlord to state a reason for the eviction; and

WHEREAS, eviction without just cause or access to legal representation diminishes due process, leaving vulnerable families without opportunity to fight any unilateral action or retaliation by landlords; and

WHEREAS, in the context of the housing crisis, existing law places rent-burdened households in a precarious position whereby they may be evicted and forced to relocate to new accommodations in a high-cost rental market with limited resources and time; and

WHEREAS, several California cities, including Los Angeles, have passed a form of tenant protections which require a "just cause" eviction, allowing for eviction only in the case of breach of lease or similar cases; and

WHEREAS, currently pending before the California State Legislature is AB 1481 (Grayson - Bonta) which would require a landlord to have just cause to evict a tenant; and

WHEREAS, the bill defines just cause as failure to pay rent, breach of the lease, nuisance, waste, and illegal conduct; and

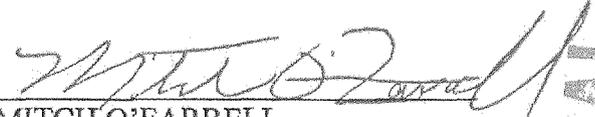
WHEREAS, the bill also allows for no fault just cause evictions for cases in which the owner intends to occupy their property, demolish their property, or take their property off the rental market; and

WHEREAS, no cause evictions result in the displacement of communities, disproportionately affect communities of color, and push families into homelessness; and

WHEREAS, extending just cause protections throughout the State would protect families from emotional and financial distress, preserve the social fabric of communities, and protect all individuals from the risk of homelessness;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SUPPORT for AB 1481 (Grayson - Bonta) which would require a landlord to have just cause to evict a tenant.

PRESENTED BY:


MITCH O'FARRELL
Councilmember, 13th District

SECONDED BY:



JUN 26 2019

abg



ORIGINAL

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the cost of housing in California has outpaced the rise of incomes, resulting in half of renters and 80 percent of low-income renters being rent-burdened; and

WHEREAS, there are 16.6 million renters in California, many of which are not protected against unreasonable rent increases, significantly increasing the risk of homelessness among severely rent burdened households; and

WHEREAS, existing law concerning evictions further places rent-burdened households in a precarious position whereby they may be evicted and forced to relocate to new accommodations in a high-cost rental market with limited resources and time; and

WHEREAS, few California cities, including Los Angeles, have passed rent control ordinances or other tenant protections which limit rental rate increases and require a “just cause” eviction, but are limited by the State Costa-Hawkins Act; and

WHEREAS, currently pending before the California State Legislature is AB 1482 (Chiu) which would establish an annual limit to rental rate increases and would require landlords to have just cause to evict a tenant; and

WHEREAS, the bill would restrict any annual rent increase to the lower of 7 percent plus change in cost of living or 10 percent of the lowest rental rate charged for the property; and

WHEREAS, the bill would also only allow for just cause evictions as defined by the bill, with exceptions in certain cases; and

WHEREAS, rental rate increases and no cause evictions result in the displacement of communities, and disproportionately affect low income communities, pushing families into homelessness; and

WHEREAS, extending renter protections throughout the State would safeguard families from emotional and financial distress, preserve the social fabric of communities, and protect all individuals from the risk of homelessness;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SUPPORT for AB 1482 (Chiu) which would establish an annual limit to rental rate increases and would require landlords to have just cause to evict a tenant.