

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: May 15, 2019

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

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S58
Assignment No: 19-04-0398

SUBJECT: Resolution to SUPPORT AB 1399 (Bloom).

CLA RECOMMENDATION: Adopt Resolution (Koretz – Cedillo) to include in the City’s 2019-2020 State Legislative Program, SUPPORT for AB 1399 (Bloom) which would strengthen tenant protections in the Ellis Act.

SUMMARY

The Resolution (Koretz – Cedillo), introduced April 5, 2019, advises that the Ellis Act allows landlords to terminate tenancies without cause in order to withdraw property from the residential rental market and has resulted in the withdrawal of thousands of units in Los Angeles from the rental market since 1986. Evictions cause great upheaval and disruption and most often affect established, low-income tenants who are put at risk of homelessness or are forced out of Los Angeles. Disadvantages for tenants under current law could be addressed through amendments that acknowledge changes in the rental housing market since 1986, as well as the use of the Ellis Act by developers to vacate rent-stabilized properties for redevelopment. The Resolution further advises that AB 1399 proposes a series of amendments that address issues of the effective withdrawal date of accommodations, required notice, and returning units the rental market.

The Resolution recommends that the City support AB 1399 (Bloom).

BACKGROUND

The Ellis Act, adopted in 1985, allows landlords to exit the rental market by evicting tenants without cause under stipulated procedures. The law was created in response to the California Supreme Court decision of Nash v. City of Santa Monica (1984) which upheld the power of a city to require a property owner to obtain a permit to demolish their rental property and cause its removal from the market. The law currently allows landlords to withdraw units, including rent controlled units, and re-offer the units at market rate after five years of being withdrawn from the rental market. This has resulted in no-fault evictions intended to clear the way for the raising of rental rates, demolition of affordable units for the development of new market rate units, and gradual re-introduction of units at market value rental rates.

According to the Coalition for Economic Survival, the number of Ellis Act evictions peaked during the housing bubble and has climbed again significantly following recovery from the Great Recession. The number of withdrawals has consistently increased since 2013, contributing to the loss of rent controlled units Citywide.

AB 1399 would strengthen tenant protections by clarifying that payment of the penalty for failure to comply with re-offer provisions of the Ellis Act does not remove the landlord’s obligation to re-offer a unit re-entering the market to the tenant displaced the removal of that unit through the Ellis Act. AB 1399 would also require the time period for which a unit must be re-offered at the same rental rate it was withdrawn at

to be calculated from the latest withdrawal or termination within a property. The bill also prevents property owners who have removed accommodations through the Ellis Act to return those accommodations slowly over time, requiring all units to be returned to the market at once.

Support for AB 1399 (Bloom) is consistent with past City efforts to extend rental protections for all tenants, alleviate the burden of high rents, and provide remedies for displacement.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department

BILL STATUS

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| 02/22/19 | Introduced |
| 03/14/19 | Referred to Housing & Community Development Committee and the Committee on Judiciary |
| 04/10/19 | Approved by the Committee on Judiciary and referred to the Housing & Community Development Committee |
| 04/25/19 | Amended by author, re-referred to the Committee on Judiciary |
| 04/30/19 | Approved by the Committee on Judiciary |
| 05/01/19 | Ordered to third reading |


Andy Galan
Analyst

Attachments: 1. Resolution (Koretz – Cedillo)

RESOLUTION

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

WHEREAS, Government Code section 7060 et seq. (the Ellis Act) allows landlords to terminate tenancies in rent-control jurisdictions without cause in order to withdraw property from the residential rental market; and

WHEREAS, since its enactment in 1986, tens of thousands of units have been withdrawn from the rental market in Los Angeles alone under the Ellis Act; and

WHEREAS, such evictions most often affect long-term, below market rent tenants and cause great upheaval and disruption and often result in long-term residents having to risk becoming homeless or leave the City since market rents have become out of reach for many tenants; and

WHEREAS, the current law disadvantages tenants in a variety of other ways that could be addressed with technical and substantive amendments that acknowledge the substantial changes in the rental housing market in the years since 1986 and the emergent pattern of Ellis being used by developers to empty rent stabilized properties so they can be redeveloped; and

WHEREAS, Assembly Bill 1399 (AB 1399-Bloom) proposes a series of amendments which address several such issues, including the effective date for withdrawal of the accommodations as a whole, required notice, and ground rules for returning a property to rental use.

NOW, THEREFORE, BE IT RESOLVED, THAT, with the concurrence of the Mayor, by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program support for Assembly Bill 1399 to strengthen tenant protections in the Ellis Act.

PRESENTED BY: _____
 PAUL KORETZ
 Councilmember, Fifth District

SECONDED BY: _____

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