COUNTY OF LOS ANGELES
TENANT PROTECTIONS WORKING GROUP

Wednesday, July 25, 2018
Hall of Administration • 500 West Temple Street • Conference Room 140
8:00 a.m. – 12:00 p.m.
PLEASE NOTE ROOM NUMBER & EXTENDED TIME

AGENDA

I. Welcome and Review of Agenda
   Lisa Cleri Reale

II. Carryover from Prior Meetings
   Working Group
   • Review need and date for final meeting in early August

III. Draft Report to Board Re: Recommendations for Tenant Protections
     Working Group
     • Review draft report and discuss any needed revisions

IV. Action Items
   • Vote on recommendations to be included in final report, as revised in open session
   • Move to direct staff to submit revised report to Board on behalf of Working Group

V. Public Comment

VI. Adjournment

Attachments
   • Draft report to the Board re: recommendations for Tenant Protections*
   • Meeting notes from June 27*

*Will be posted and made available electronically by Monday morning, 7/23/18

ACCOMMODATIONS: Accommodations, American Sign Language (ASL) interpreters, or assisted listening devices are available with at least three business days’ notice before the meeting date. Agendas in Braille and/or alternate formats are available upon request. Please telephone (213) 974-1740 (voice) or (213) 633-0901 (TDD), from 8:00 a.m. to 4:30 p.m., Monday through Friday. Para información en español, por favor llame al (213) 974-1431 entre 8:00 a.m. y 5:00 p.m. lunes a viernes.

SUPPORTING DOCUMENTATION: Written agenda materials, including supporting documentation not posted within the 72-hour notice period, can be obtained at the CEO’s Office, Kenneth Hahn Hall of Administration, 500 West Temple Street, Room 726, Los Angeles, CA 90012, and at http://ceo.lacounty.gov/agendas.htm. Public Comment should not exceed the allotted time for each speaker and must be on items of interest which are within the subject matter jurisdiction of the Tenant Protections Working Group. Please note that before the next meeting, a more final version of the report containing non-substantive revisions may be posted on the website and made available for public inspection at 500 W. Temple Street, Room 726, Los Angeles, CA 90012.
TENANT PROTECTIONS WORKING GROUP

Mary Lou Calanche, Legacy LA
Diego Rodrigues, Alma Family Services
Malcolm Bennet, International Realty and Investments
Jacqueline Waggoner, Enterprise Community Partners, Inc.
Jessie Kornberg, Bet Tzedek
Barbara Schultz, Legal Aid Foundation of Los Angeles
Fred Nakamura, Neighborhood Legal Services
Dr. Richard Green, USC Lusk Center for Real Estate
Patrick Spillane, IDS Real Estate Group

FACILITATOR
Lisa Cleri Reale

SPECIAL COUNSEL
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# Table of Contents

I. EXECUTIVE SUMMARY ........................................................................................................ 1

II. BACKGROUND AND POLICY FRAMEWORK .................................................................... 7
   A. State and Federal Laws that Shape Tenant Protections Policies .................................... 8
      1. Constitutional Constraints ......................................................................................... 9
      2. State Laws Regulating Landlords and Tenants .......................................................... 9
   B. Rental Market Conditions and Tenant Experiences ....................................................... 11

III. PROCESS TO DEVELOP RECOMMENDATIONS .......................................................... 13

IV. WORKING GROUP’S RECOMMENDATIONS ................................................................. 17
   A. Regulate Rent Increases ............................................................................................... 19
      1. Specific Recommendations: Regulate Rent Increases ............................................... 20
         a. Rent Increases for Covered Rental Units ................................................................. 21
         b. Banking Unused Rent Increases ............................................................................. 21
         c. Landlord and Tenant Petitions and Mediation ...................................................... 22
         d. Effective Date of Rent Increases .......................................................................... 23
         e. Rent Registration .................................................................................................... 24
         f. Interplay with the Costa-Hawkins Act .................................................................... 25
      2. Vote Summary: Regulate Rent Increases ................................................................... 27
   B. Regulate Evictions ......................................................................................................... 27
      1. Specific Recommendations: Regulate Evictions ....................................................... 28
         a. Applicability ........................................................................................................... 28
         b. Just Causes for Eviction, i.e., Approved Reasons to Terminate a Tenancy ............. 29
         c. Additional Eviction Limitations .......................................................................... 30
         d. Enhanced Noticing Requirements ....................................................................... 30
         e. Relocation Assistance and Right of Return for No Fault Terminations ............. 31
      2. Vote Summary: Regulate Evictions ........................................................................... 32
   C. Additional Laws, Regulations and Assistance Programs ............................................. 32
      1. Specific Recommendations: Additional Laws, Regulations, and Assistance Programs 33
         a. Habitability ............................................................................................................ 33
         b. Anti-Harassment, Anti-Discrimination Section ................................................... 33
         c. Eviction Defense and Emergency Rent Subsidy .................................................. 33
      2. Vote Summary: Additional Laws, Regulations and Assistance Programs ............... 34
D. Implementation Mechanisms ............................................................................................ 34

1. Specific Recommendations ........................................................................................ 35
   a. Oversight Board ...................................................................................................... 35
   b. Administration Fees ............................................................................................... 35
   c. Education and Outreach ........................................................................................ 35

2. Vote Summary: Implementation Mechanisms ............................................................ 36

V. NEXT STEPS ............................................................................................................. 36

VI. CONCLUSION ......................................................................................................... 38

APPENDIX
I. EXECUTIVE SUMMARY

Recognizing the increasing cost of housing and its impact on housing stability, the Tenant Protections Working Group (Working Group) was formed in response to a May 16, 2017 Motion adopted unanimously by the Los Angeles County Board of Supervisors (Board). The Motion was introduced by Supervisors Hilda L. Solis and Sheila Kuehl, and instructed the County Chief Executive Officer to develop a Tenant Protections Policy Development Framework and convene the Working Group. More specifically, the Motion directed that the Working Group include two members appointed by each County Supervisor and report back to the Board within 180 days with recommendations for tenant protections that might be enacted in the unincorporated areas. The first meeting of the Working Group took place on January 24, 2018.

The Working Group submits its report back to the Board in response to the Board’s directive to propose a policy implementation framework for a program to enhance the County’s tenant protections. The report is presented in four sections that cover the following areas:

- Background and Policy Framework
- Process to Develop Working Group Recommendations
- Working Group Recommendations
- Next Steps

The report first introduces the issues to be considered when contemplating a tenant protections program, and establishes the foundation for a policy framework. The report then discusses the process by which the Working Group formed its recommendations, as well as the recommendations themselves and next steps for the County to consider. Finally, the report provides an appendix of statistical information related to rental housing in the County unincorporated areas.
From January 2018 through July 2018, the Working Group met on a bi-monthly basis, guided by a professional facilitator and outside legal counsel with expertise in tenant protections and rent stabilization policies. Following the Board’s May 16, 2017 Motion, the Working Group discussed key policy areas and developed recommendations for the following areas; A) regulating rent increases; B) regulating evictions; C) additional laws, regulations, and assistance programs; and D) implementation mechanisms. The specific recommendations as voted on by the Working Group are as follows:

A. Regulating Rent Increases

Rental units in unincorporated Los Angeles County are currently not subject to local regulation. The Working Group recommends by a vote of X-X that the County adopt rent stabilization for applicable rental units in unincorporated Los Angeles County. The only units exempted from the proposed rent stabilization would be owner-occupied units that share kitchen or bathroom facilities with the tenants. Specifically, the Working Group recommends the following:

- **Rent Increases for Covered Rental Units.** By a vote of X-X, the Working Group recommends one rent increase for Covered Rental Units per 12-month period. The maximum pre-approved rent increase shall equal the lower of the increase in the Consumer Price index (CPI) or eight percent (8%). The minimum pre-approved annual rent increase shall equal three percent (3%) or the CPI change year over year plus two percent (2%), whichever is lower.

- **Banking Unused Rent Increases.** By a vote of X-X, the Working Group voted to support “rent-banking” meaning that a landlord can “bank” any amount not increased up to the maximum allowable rent for future year rent increases. Any banked rent increases should
expire upon termination of the tenancy and may not be used as a basis for increasing the rent of subsequent tenants.

- **Landlord Petitions.** By a vote of X-X, the Working Group recommends a petition process to allow landlords to petition for rent increases above the maximum rent should the landlord be able to show he or she is not making a fair return on his or her investment. In addition, the Working Group recommends that landlords be allowed to petition to pass through capital improvement costs to tenants over and above the maximum rent. No rent increase, whether through the fair return petition or the pass-through process, may exceed ten percent (10%) in a given year.

- **Tenant Petitions.** By a vote of X-X, the Working Group recommends that tenants be allowed to file a petition for a rent decrease in the event of a reduction of housing services.

- **Mediation.** By a vote of X-X, the Working Group recommends that the County provide a voluntary mediation process for landlords and tenants.

- **Effective Date of Rent Increases.** By a vote of X-X, the Working Group recommends that the County require landlords to provide tenants with a notice of any rent increase 30 days in advance of the increase’s effective date.

- **Rent Registration.** By a vote of X-X, the Working Group recommends that all Covered Rental Units be registered with a County oversight body. The Working Group recommended that the registry track the maximum allowable rent for each Covered Rental Unit, and that landlords and tenants would be required to register the rent at the beginning of each new tenancy.
• **Interplay with Costa-Hawkins.** By a vote of X-X, the Working Group recommends that should the Costa-Hawkins Act be repealed, the Board reconvene the Working Group for further discussion and recommendations as to a regulatory response.

**B. Regulating Evictions**

California State law does not limit the reasons for which a tenancy may be terminated, if minimum notice requirements are followed. The Working Group reached unanimous agreement to adopt “Just Case” eviction requirements, limiting the reasons for which a landlord can terminate a tenancy. The Working Group recommends that every notice of termination of a residential tenancy in unincorporated Los Angeles County be required to expressly identify at least one reason for which the tenancy is being terminated. Specific recommendations are as follows:

• **Applicability.** By a vote of X-X, the Working Group recommends that Just Cause for Eviction protections should apply to all residential rental units in unincorporated Los Angeles County including single family homes, accessory dwelling units, and rental units in multi-family buildings. The Working Group recommends that Just Cause for Eviction protections should apply regardless of whether the County chooses to adopt a larger rent stabilization policy.

• "**For Cause**" Terminations. By a vote of X-X, the Working Group recommends that “For Cause” terminations follow those outlined in State law as based on the conduct of the tenant household.

• "**No Fault**" Terminations. By a vote of X-X, the Working Group recommends that the County add two “No Fault” reasons for terminating a tenancy: owner move-ins, and going out of the rental business and withdrawing a property from the rental market as provided under the Ellis Act.
• **Additional Eviction Limitations.** By a vote of X-X, the Working Group recommends landlords not be permitted to evict in the event of property foreclosure or during the academic school year when rental unit is the primary residence of a school aged child.

• **Enhanced Noticing Requirements.** By a vote of X-X, the Working Group recommends that any termination of tenancy notice include information related to the County’s Just Cause for Eviction policies, and a tenants’ rights information.

• **Relocation Assistance.** By a vote of X-X, the Working Group recommends that in No-Fault evictions the landlord should be required to pay relocation assistance to the terminated tenant household.

• **Right of Return.** By a vote of X-X, the Working Group recommends that the County require landlords to offer a first right of return to all tenants subject to a No-Fault termination to the full extent permitted under the Ellis Act.

**C. Additional Laws, Regulations and Assistance Programs**

The Working Group recommends programs to address potential harassment, discrimination, housing conditions and habitability, and assistance for tenants who may not be covered by a rent stabilization program.

• **Habitability.** By a vote of X-X, the Working Group recommends the County implement a complaint-based inspection program to ensure habitability of units, similar to the City of Los Angeles’ program. Further, the Working Group recommends that if a landlord must perform substantial rehabilitation of a unit, that relocation assistance and right to return for tenants is required.
• **Anti-Harassment, Anti-Discrimination.** By a unanimous vote, the Working group recommends the County adopt an ordinance prohibiting landlords from refusing to rent to Section 8 voucher holders.

**D. Implementation Mechanisms**

The Working Group evaluated the options for implementing a tenant protections program, and ongoing oversight of the program such that County staff and administrative resources would be required. The Working Group recommends an oversight board and a dedicated funding source to administer the program. The Working Group recommends that the cost of such an administrative structure be shared equally between landlords and tenants.

• **Oversight Board.** By a unanimous vote, the Working Group recommends the Board of Supervisors appoint an oversight board to hear petitions from landlords and tenants. The Working group recommends the oversight board include both landlord and tenant representation.

• **Administrative Fees.** By a vote of X-X, the Working Group recommends the County assess an annual fee to landlords for each unit covered by the rent stabilization program. Up to fifty percent (50%) of the fee can be passed through to tenants over and above their maximum allowable rent.

• **Education and Outreach.** By a unanimous vote, the Working Group recommends a dedicated outreach program to educate landlords and tenants about their rights and responsibilities.

The Working Group submits the following report regarding the policy framework and range of options to implement County tenant protections for Board consideration. Should the Board choose to adopt a tenant protections program, the Working Group is available for
consultation on the administrative framework for such a program, as well as any policy discussions as needed.

II.  BACKGROUND AND POLICY FRAMEWORK

The Los Angeles County Board of Supervisors (Board) adopted a motion on May 16, 2017 that acknowledged the impacts of market pressures, such as increasing real estate costs on the affordability and stability of the housing stock in unincorporated Los Angeles County. The motion recognized that the Board has committed significant funding to new affordable housing production and services for individuals experiencing homelessness, but that further action may be warranted to maintain diverse, stable neighborhoods in the interest of public health and welfare.

The potential tenant protection policies that the County may enact to support County residents are shaped by state and federal law. The "Tenant Protections Policy Development Framework" published by the County of Los Angeles Chief Executive Office in September 2017 reviews the policy framework created by state and federal law, and briefly summarizes the County's previous tenant protection policies. The following Section summarizes some of the key state and federal law issues and discusses some of the factors that explain the need for the Working Group to examine tenant protection policies.

Public policy regarding tenant protections generally attempts to address specific issues: (1) increasing stability for renter households; (2) promoting predictability in the rental market; and (3) regulating evictions, terminations, and rent increases. In contrast to homeowners' rights and responsibilities with respect to their homes (which are often defined by long term financing contracts for as many as forty years or outright ownership), tenants' rights and responsibilities relating to their homes are often defined by written leases with a property owner that last for one
year and unwritten rental agreements that may last for one month. In an unregulated market, some tenants may lack the housing stability enjoyed by homeowners and, as a result, may be required to look for housing more often than some homeowners.

Local tenant protections can offer specific measures to promote tenant stability and increase predictability in the residential rental market under such conditions. Some jurisdictions seek to accomplish these goals by regulating evictions and terminations (providing tenants with more definite rental terms, increasing stability) and regulating the amount and/or frequency of increases in rent (providing tenants with more predictable housing costs). Individually and combined, such regulations of the landlord-tenant relationship are often referred to colloquially as "rent control" or, more technically, "rent stabilization." In addition to rent stabilization, different tenant protection policies may address other aspects of the landlord-tenant relationship.

A. **State and Federal Laws that Shape Tenant Protections Policies**

Historically, some tenant protection policies like rent control were implemented in response to emergencies, such as the national scarcity caused by World Wars I and II. Modern rent stabilization policies are not predicated on a specific emergency, but rather they are implemented in response to specific market conditions, such as rising housing costs and increased incidences of homelessness. The Supreme Courts of California and of the United States have both upheld various forms of rent stabilization and regulations of the landlord-tenant relationship, so long as the regulations address a particular market condition that affects the public health, safety, or general welfare. Irrational or overly-burdensome regulations generally will not survive challenge in court.
1. **Constitutional Constraints**

The Due Process and Takings Clauses of the United States and California Constitutions require that local regulations reasonably relate to the furtherance of a legitimate governmental purpose. Courts have concluded that addressing a housing shortage or combatting excessive rent increases are legitimate governmental purposes to regulate landlord-tenant relationships.

Another limitation is that local regulation may not prevent all economically beneficial uses of a private property without just compensation. When a regulation impacts the value of a private property, courts use a complex balancing test to evaluate whether the regulation is constitutional. The California Supreme Court has clarified that landowners who choose to rent their property in the residential rental market must be able to earn a fair return that will maintain financial integrity, attract necessary capital, and fairly compensate the landowner for the risks assumed despite local regulation of the landlord-tenant relationship.\(^1\) To conform to case law standards, rent stabilization regulations should allow for rent increases that are broadly applicable to regulated properties, as well as a process to provide individual rent increases based on the particular circumstances of a specific property. Accordingly, California jurisdictions with rent stabilization policies generally allow for annual increases in rent that relate to inflation, and provide for a per-property application- or petition-based increase that requires administrative approval.

2. **State Laws Regulating Landlords and Tenants**

Article XI, Section 7 of the California Constitution provides that "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws." While this gives the County the authority to adopt tenant

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\(^1\) *Kavanau v. Santa Monica Rent Control Board* (1997) 16 Cal. 4th 761, 783.
protection policies that apply in unincorporated portions of the County, the County is limited in that it cannot create regulations that conflict with state law.

The Civil and Penal Codes prohibit various landlord actions, such as: threats or actual interruption of utility services; failure to maintain the property and perform necessary repairs; abuses of a landlord's right to enter the property; removal of a tenants' property; interference with a tenants' quiet use and enjoyment of a property; and retaliation for lawful exercise of a tenants' rights. State and federal laws prohibits landlords from discriminating against tenants or potential tenants based on race, religion, sex, disability, sexuality, and other factors. The Code of Civil Procedure also provides a remedy for landlords when tenants act or fail to act in certain ways. Most notably, Code of Civil Procedure section 1161 provides for quick legal action if a tenant fails to pay rent, causes a legal nuisance on the property, or breaks an important term of a residential lease.

Two state laws further limit potential County tenant protection policies. The state Ellis Act requires that property owners be allowed to withdraw their properties from the residential rental market.\textsuperscript{2} In order to withdraw a rental property from the rental market, the landlord can legally terminate the tenancies related to that property. However, although the Ellis Act requires the County to allow landlords to go out of business, the law also permits the County to require a longer notice period to terminate a tenancy under the Ellis Act as compared to the Civil Code sections described above, and it also authorizes the County to require that landlords provide terminated tenants with relocation assistance and/or a right of first refusal if the property is returned to the rental market within ten years.

\textsuperscript{2} Gov. Code §§ 7060-7060.7.
The Costa-Hawkins Rental Housing Act also limits the County's ability to regulate rent increases. First, the Costa-Hawkins Rental Housing Act requires vacancy decontrol for all units, which means that landlords must be allowed to set the initial rent for new tenancies (subject to very limited exceptions). The County may still regulate the frequency and amount of increases in rent for existing tenancies. Second, the Costa-Hawkins Rental Housing Act exempts specified types of housing units from local rent stabilization, including single-family homes, most condominiums, and housing units built after February 1995. Notably, the Costa-Hawkins Rental Housing Act is the subject of a voter-initiative to repeal the law, which will appear on ballots statewide in November 2018.

B. Rental Market Conditions and Tenant Experiences

Los Angeles County is confronting a housing affordability crisis, and the Board is considering a range of options to address these circumstances. On October 27, 2015, the Board adopted a motion to establish an Affordable Housing Budget Unit and develop a first-of-its-kind Affordable Housing Outcomes Report (Outcomes Report), revealing a shortage of over 550,000 rental homes that are considered affordable to renter households at, or below 50 percent of the Area Median Income (AMI).

As of 2015, approximately 1,026,967 individuals live in approximately 290,854 housing units in unincorporated Los Angeles County. Approximately 40 percent of those housing units, an estimated 116,071 units, are for rent. Of all housing units in unincorporated Los Angeles County, approximately 20 percent are in multi-family buildings (including duplexes, triplexes, and larger buildings), and 86 percent of all units were built prior to 1989. The County Department of Regional Planning (Planning) calculated that approximately 51,590 housing units are in multi-
family buildings (including duplexes, triples, and larger buildings) and are renter-occupied. Planning also estimates that 50,000 units are in multifamily buildings that were built prior to 1995. When considering tenant protection mechanisms, the County's efforts can apply to the approximately 116,000 rental units in unincorporated Los Angeles County, however, under the Costa-Hawkins Act, rent stabilization policies would only apply to the approximately 50,000 multifamily rental units built before 1995.

Los Angeles County's shortage of homes affordable and available to lower-income families continues to grow. Home prices in Los Angeles County have increased nearly 80 percent over the past five years, with average rents for both apartments and retail space increasing by over 25 percent, according to the real estate brokerage Redfin. The County's median household income has not increased proportionally over the same time period, as reported by the State's Department of Housing and Community Development. This and the above referenced indicators suggest that displacement, or the possibility of displacement may be an issue throughout much of the County.

Some renters in Los Angeles County are subject to difficult financial conditions. Approximately 77 percent of Los Angeles County renters are "rent burdened," which is defined by the U.S. Census Bureau as when a renter-household spends more than 30 percent of their household income on rent. Moreover, a recent report reviewed by the Working Group indicated that between 2014 and 2016, over 160,000 households in Los Angeles County faced an eviction in court.4 On average, Los Angeles County renters spend a greater percentage of household income on rent (30.4%) as compared to homeowners pay toward housing costs (25.1%).

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Some tenants in unincorporated Los Angeles County face specific challenges. Planning estimates that approximately 64 percent of renter-occupied housing units in unincorporated Los Angeles County are subject to one or more of the following conditions: lack of complete plumbing facilities, lack of complete kitchen facilities, house more than one occupant per room (which is defined as "overcrowded" by the United States Department of Housing and Urban Development), or require more than 30 percent of household income for rent (which is defined as "rent burdened" by the United States Census Bureau). In contrast, approximately 60 percent of owner-occupied housing units are free of such conditions, reinforcing the need for special protections for some rental housing.

III. PROCESS TO DEVELOP RECOMMENDATIONS

To determine what further action should be taken, the Board convened the Tenant Protections Working Group (Working Group) to provide recommendations to the Board on tenant protections that might be enacted for unincorporated areas, as well as additional actions to protect residential and commercial tenants countywide. In January 2018, the Working Group began an inclusive and transparent public process to engage in discussions and develop recommendations to address tenant protection issues in unincorporated Los Angeles County. Specifically, the Working Group's process involved:

- Nine regularly-attending Working Group members representing interests that include academia, advocates, real estate professionals, market-rate and affordable housing developers, landlords, housing lawyers, community organizers, renters, homeowners, business owners, and non-profit board members.
Twelve public meetings from January to July representing more than 27 hours at which Los Angeles County departments, universities, City of LA staff, nonprofit organizations, business organizations, tenants and landlords and many others provided testimony, data and information.

An outside facilitator to manage timing, move agendas and ensure that everyone was able to participate during each Working Group meeting.

Substantive and comprehensive presentations were made at each Working Group meeting by Goldfarb & Lipman LLP, acting as special counsel to the County on tenant protection policy matters.

Recorded meetings and notes transcribed and distributed to Working Group members as well as being posted on a public website.

Formal translation provided by Alex Rivero from Translations for All at each meeting beginning in March 2018.

The Working Group's process was enhanced by the many members of the public and the non-profit and business organizations representing the various unincorporated communities of Los Angeles County who were diligent and passionate about attending the Working Group meetings and sharing their perspectives during the Public Comment portion of each meeting. Comments from individual tenants addressed hardships some households face following rent increases and evictions, along with habitability issues for themselves and their families. The Working Group also heard from landlords and apartment owners who expressed concern regarding the effect of regulation and their ability to continue to maintain the residential housing stock while earning a fair return on their property.
At its June 13, 2018 meeting, the Working Group extended public comment to include one hour of formal and coordinated presentations by landlord and tenant groups, followed by questions from the Working Group. The landlord presentation was coordinated by:

- Los Angeles Coalition for Responsible Housing Solutions – 22 small property owners, apartment associations, realtors, commercial property managers and business associations; and
- Building Industry Association of Los Angeles/Ventura.

The tenant presentation was coordinated by:

- LA Center for Community Law & Action, SAJE, Inner City Law Center, ACCE, Eastside LEADS, Anti-Eviction Mapping Project, LA Tenants Union, Public Counsel and supported by Liberty Hill.

At each Working Group meeting, time was reserved for public comment, and the Working Group received constituent correspondence in the form of letters and emails that were distributed at each Working Group meeting. Organizations and individuals who addressed the Working Group are listed below:

- Beatriz Alatorre
- Logan Altman
- Tyler Anderson, Los Angeles Center for Community Law and Action (LACCLA)
- Anthony Alvarez, InnerCity Struggle
- Dagan Bayliss, SAJE
- Greg Bonett, Public Counsel
- Diane Carlton, Los Angeles Coalition for Responsible Housing Solutions
- Ariana Carmona
- Irma Cervantes
- Diane Coronado, Building Industry Association
- Maribel Cuevas, SAJE
- Cherell Chappell, Landlord
- Vicenta Contreras, SAJE
- Diana Coronado, Building Industry Association Los Angeles/Ventura
- Elizabeth deCarteret, LA Coalition for Responsible Housing Solutions
Jenny Delwood, Liberty Hill Foundation
John DeVoe
Joe Donlin, SAJE
Blanca Duenas, Eastside LEADS
Danielle Elliott, AAGLA
Blanca Espinoza
Rosa Espinoza, LACCLA
Janet Gagnon, Apartment Association of Greater Los Angeles
Jennifer Ganata, Inner City Law Center
Noah Grynberg, LACCLA
Ruth Hayles, Minority Apartment Owners Association
Rocenia Hermengildo, SAJE
Ted Karnezis, Property Owner
Beverly Kenworthy, LA Coalition for Responsible Housing Solutions
David Kissinger, South Bay Association of Realtors
Maria Leon, Eastside LEADS
James Litz, Beverly Hills/Greater LA Association of Realtors
Hayk Makhmuryan, Glendale Tenants Union
Liliana Martinez
Katie McKeon, Public Counsel
Yolanda Medina, SAJE
Juana Mena
Israel Mendez, SAJE
Michael Millman, ACTION
Daniel Murillo, AQP Property Management
Kyle Nelson, UCLA Sociology
Allan Nguyen, UCLA Luskin School
Jose Nunez, SAJE
Alicia Ortiz, InnerCity Struggle
Vanessa Perez, LACCLA
Elena Popp, Eviction Defense Network
Dianne Prado, National Lawyers Guild Housing Committee
Carolina Rodriguez, LACCLA
Laura Rodriguez
Nayeli Rojas, LACCLA
Molly Rysman
Fevi Sanchez, ELACC
Beatriz Salazar
Ariadna Sandaval, LACCLA
Walt Senterfitt, LA Tenants Union
Mayra Simins
Greg Spiegel, Inner City Law Center
Fred Sutton, California Apartment Association
All official agendas, notes and other materials presented to the Working Group were distributed at meetings and made available for public review.

In addition to the substantial public process discussed above, the Working Group reviewed best practices and relevant recommendations and policies used in other jurisdictions throughout California to assess what could be learned and applied in Los Angeles County. The Working Group received and reviewed dozens of documents specific to Los Angeles County, including data related to the unincorporated areas of the County, regional planning maps, planning area frameworks, charts and graphs citing housing quality, housing type and demographics, real estate market studies, academic studies, national and regional reports on homelessness/housing, Economic Roundtable Study of the RSO and LA Housing Market, applicable State Law and many others.

The Working Group's recommendations, which are presented in the following section, were informed by the information they reviewed and comments received throughout the process.

IV. WORKING GROUP'S RECOMMENDATIONS

The Working Group focused their recommendations on four key policy areas:

A. Regulating Rent Increases;

B. Regulating Evictions;

C. Additional Laws, Regulations, and Assistance Programs; and

D. Implementation Mechanisms.
As discussed in more detail below, the Working Group recommends that the County enact a rent stabilization program that would limit the maximum allowable rent increase that could be made effective each year for covered rental units in unincorporated Los Angeles County. The Working Group further recommends that the County enact "Just Cause" eviction regulations that would limit residential evictions to terminations required by state law, owners moving in to a rental unit, and owners withdrawing a building with rental units from the rental market. To compliment these two new programs, the Working Group recommends that the County develop and expand programs to address potential harassment, discrimination, housing conditions and habitability, and provide financial assistance for some tenants in unincorporated areas. Finally, the Working Group recommends that the County appoint an oversight board to administer the recommended programs funded by annual fees assessed to covered rental units in unincorporated Los Angeles County with the goal of each new program being revenue-neutral to the County's general fund.

In addition to these overarching recommendations, the Working Group discussed that outreach and education for both tenants and landlords would be critical components of any successful new program. The Working Group recommends that the County develop a significant outreach program in connection with any new programs that are enacted so that all parties have the opportunity to learn about their rights and responsibilities with respect to rental housing.

Although the Working Group believes that the recommendations presented in this Report will provide value to some tenants, the Working Group also recognizes that these recommendations focus on protections for those who are already housed. Rent stabilization, eviction regulations, and other associated tenant protection policies can be very effective at preventing homelessness by keeping lower-income individuals and families housed. However, such policies do not reduce housing costs, increase housing supply, or replace other housing
policies and, as such, these recommendations are only one part of what should be a comprehensive approach to address the housing crisis in Los Angeles County and throughout California. The Working Group encourages the County to consider other strategies to address housing availability and affordability in addition to the tenant protection policies that were the Working Group's focus. Specifically, members of the Working Group identified streamlined residential project approvals and upzoning residential properties in connection with a form of community benefits zoning as examples of public efforts that could contribute to increasing the supply of housing.

The remainder of this Section IV discusses the Working Group's recommendations in the four key policy areas in more detail.

A. **Regulate Rent Increases**

Currently, rental units in unincorporated areas of Los Angeles County are not subject to local regulation. Unregulated rent increases permit landlords to increase rents to any amount, limited only by the notice requirements included in Civil Code section 827. In a housing market where demand outstrips supply, unregulated market forces can inspire some landlords to rapidly increase rent or notice multiple rent increases in a single year. Tenants and tenant advocacy groups report that some tenants are currently subject to excessive and/or frequent rent increases, sometimes exceeding tenants' ability to afford their current homes. Under such conditions, a lack of stability and predictability in the rental market can make it difficult for some tenants to budget for rent while balancing other expenses, such as food, utilities, and transportation. Regulating the amount and frequency of rent increases can promote stability and predictability for tenants.

As noted above, rent stabilization protects existing tenants from future rapid rent increases, but it does not reduce the cost of housing or increase the supply of available rental units.
There is concern that excessive regulation of rents can have unintended consequences, including reduced availability of rental units and deferred property maintenance. Accordingly, any rent stabilization program must balance tenant protections with the needs of property owners, including protection of the opportunity for a property owner to earn a fair return from his or her property and to have adequate economic incentive to maintain the property.

### Overall Recommendation: Regulate Rent Increases

The Working Group recommends that the County adopt rent stabilization for applicable tenants in unincorporated Los Angeles County, to the maximum extent permitted by state law. The only units exempt from these protections would be those owner-occupied units that share kitchen or bathroom facilities with tenants.

If the November ballot proposition repealing the Costa-Hawkins Act, which limits local rent stabilization policies, passes, the Working Group recommends that the Board reconvene the Working Group to address potential modifications to its rent stabilization recommendations.

1. **Specific Recommendations: Regulate Rent Increases**

As noted above, the majority of the Working Group supported recommending that the County regulate rents of as many applicable residential rental units in unincorporated Los Angeles County as legally permissible (Covered Rental Units). The Working Group discussed various potential exemptions for duplexes and triplexes, landlords with a relatively small number of units in unincorporated County, and a permanent exemption for new construction, but other than owner-occupied units that shared kitchen or bathroom facilities with tenants, no exemptions had majority support.
a. **Rent Increases for Covered Rental Units**

The entire Working Group recommends that the County limit rent increases for Covered Rental Units to a single increase per 12-month period, regardless of the lease terms, with a petition process (discussed in more detail below) for landlords and tenants to seek additional adjustments. A majority of the Working Group recommends that the annual pre-approved rent increase for Covered Rental Units should equal the increase in the previous year of the Los Angeles Area Consumer Price Index, Los Angeles and Orange Counties, Series ID CUURS49ASA0, (CPI), with two limitations. First, regardless of the CPI, the maximum pre-approved annual rent increase for Covered Rental Units is recommended to equal eight percent (8%). Second, a majority of the Working Group recommends that the minimum pre-approved annual rent increase shall equal three percent (3%) or the CPI change plus two percent (2%), whichever is lower. Although there was majority support from the Working Group for minimum and maximum pre-approved rent adjustments (i.e., a floor and a ceiling), some Working Group members preferred that the floor and ceiling be higher to allow larger annual rent increases; other Working Group members would have preferred no floor and a lower ceiling to further restrict rent increases.

b. **Banking Unused Rent Increases**

A majority of the Working Group supported the concept of "banking," which is the practice of permitting a landlord that does not increase rent by the maximum amount allowed by the annual pre-approved increase to impose the difference between the maximum amount allowed by the annual pre-approved increase and the rent increase actual in a future year. The majority agreed that by permitting banking, a landlord would have less economic incentive to increase rent by the maximum amount permitted each year, however, some Working Group members were concerned
that banking rent increases could lead to a large spike in a tenant's future rent that could eventually lead to displacement.

Those Working Group members who recommended that banking be allowed only support the practice if it is done with the tenant's written consent at the time a rent increase is noticed and that the amount of rent increase that can be banked be limited to a certain period of time and a maximum percentage. Although there was substantive discussion about how long banking should be permitted to last and the maximum percentage of a rent increase that could be banked, the Working Group did not arrive at a majority-supported recommendation on either issue. However, the Working Group did agree that any banked rent increases should expire upon termination of the tenancy and may not be used as a basis for increasing the rent of subsequent tenants.

c. Landlord and Tenant Petitions and Mediation

To ensure that landlords maintain the opportunity to earn a fair return on their property, the Working Group recommends a petition process that would allow landlords to seek rent increases in addition to any pre-approved annual rent increases and any banked rent increases. In the event that a landlord successfully petitions for an increase that would exceed ten percent (10%) of a tenant's rent, the Working Group recommends that the annual rent increase be capped at ten percent (10%), and additional increases be amortized over a period of years. The Working Group recommends that fair-return petitions be determined based on an investment or equity-based calculation, but the Working Group did not have majority support for a specific formula that the County should use to evaluate fair return petitions.

To make sure that the rent stabilization program does not create a disincentive for some property owners to invest in upgrades to their property, the Working Group recommends that the petition process could also be used by landlords to request the ability to pass-through all or a
portion of certain capital improvements to tenants in addition to rent increases. Any approved capital improvement pass-through would be able to be charged in addition to permissible rent increases, but the cost would be required to be amortized based on a schedule approximating the useful life of the capital improvement. Once the scheduled capital improvement payments are complete, the tenant would no longer be responsible for the additional payments. A landlord's capital improvement petition would not be permitted to include the cost of any improvements made to correct code violations. Similarly, debt service or costs associated with financing or refinancing of a rental unit or building would not qualify for an adjustment.

The Working Group recommends that tenants be permitted to file a petition if they felt that rent or other costs were being increased in violation of the County's rent stabilization program or to seek a reduction in rent because of a reduction in housing services.

In addition, the Working Group recommends that the County provide a voluntary, non-binding mediation process and venue for landlord-tenant disputes regarding rent increases, provided that such a procedure does not create additional costs for tenants, and which would be available to tenants in covered rental units and tenants in exempt dwelling units. In particular, the Working Group recommends encouraging tenants in units that are exempt from the recommended Rent Stabilization policies to take advantage of mediation services for rent increases that are higher than the maximum allowable rent increase recommended for Covered Rental Units. This process could provide an alternative dispute resolution process that helps landlords and tenants discuss potential rent increases before they become effective.

d. **Effective Date of Rent Increases**

Consistent with the requirements of the California Civil Code, a majority of the Working Group recommends that the County require a landlord to provide a tenant with notice of the rent
increase at least 30 days in advance of the increase's effective date for a rent increase of ten percent (10%) or less. The Working Group further recommends that no rent increase may be applied to any unit vacated through a "no-fault" eviction and that no rent increase may be applied while a habitability complaint remains unresolved. Members of the Working Group suggested a 60 day advance timing and stated their concern about how long it would take for a tenant to find a new residence in the current market, but did not recommend this as a requirement because it would be preempted by California Civil Code section 827. As discussed above in connection with the Working Group's recommendations regarding landlord and tenant petitions, the Working Group recommends that no rent increases above 10 percent be permitted; accordingly, the 60-day notice requirement in California Civil Code section 827 for rent increase above 10 percent would not be applicable.

e. Rent Registration

The Working Group recommends that all rental units subject to rent stabilization be registered with a County oversight body. Although some Working Group members were concerned that registration would be costly and create an administrative burden for some landlords and the County, the majority of the Working Group agreed that a rent registry was an important oversight tool that would help the County oversee the effect of the recommended rent stabilization policy, provide an enforcement mechanism, and offer an additional tool to assist both landlords and tenants obtain accurate information about the applicable maximum allowable rent for a given rental unit.

A majority of the Working Group recommended that the registry track the maximum-allowable rent for each Covered Rental Unit, annually updating the database to reflect the maximum pre-approved annual rent increase. A minority of Working Group members were
concerned that this process involved too much government oversight, and expressed a preference for simply publishing the percent change permitted on an annual basis and letting tenants and landlords self-regulate, with the option of petitioning to a County oversight board if procedures are not followed.

To track the base rent of Covered Rental Units, landlord and tenants would be required to register the rent at the beginning of each new tenancy. For existing tenancies in place at the time the program commences, the base rent would be set to a date immediately prior to the regulation of rent increases. In addition to the base rent, the Working Group agreed that the rent registry should reflect what housing services are provided in connection with the rent (e.g., parking, laundry, storage utilities, etc.). In addition, the rent registry should also be updated to reflect no-fault evictions and habitability complaints.

The Working Group discussed, but did not agree, whether the information the County collects via the rent registry should be made publically available. Those Working Group members in favor of publishing the information in the rent registry thought that it would help with enforcement and provide critical information to landlord and tenants, i.e., making all parties aware what is the maximum permitted rent for a unit. Those Working Group members opposed to publishing rents were concerned that making the data publically available could compromise the privacy of landlords and tenants. A compromise position of requiring the County to track all rents but only making them available to landlords and tenants of an individual unit was briefly discussed, but no recommendation with support from a majority of the Working Group was reached.

f. **Interplay with the Costa-Hawkins Act**

As discussed above, the Costa-Hawkins Act currently limits local agencies' ability to enforce rent stabilization policies. Rent stabilization restrictions may only be applied to buildings
for which a certificate of occupancy was issued prior to February 1, 1995 and that are not alienable separate from the title to any other dwelling unit. In addition, the Costa-Hawkins Act requires "vacancy decontrol," which means that a landlord is permitted to set the initial rent at the commencement of a new tenancy, with only limited exceptions. Currently, a statewide ballot initiative to repeal the Costa-Hawkins Act has qualified for the November 2018 election. If it were to pass, the ballot measure would change the scope of permissible rent stabilization regulations.

A majority of the Working Group agreed that should the Costa-Hawkins Act be repealed, the County should extend rent stabilization to units that are currently exempt and enforce vacancy control, however, the Working Group could not agree on specific parameters for including new units. A minority of Working Group members felt strongly that new units should permanently remain exempt from regulation out of concern that the fear of regulation would discourage investment in new development. The majority of members who supported additional regulation agreed that after twenty years, a newly-constructed building should be rolled in to the rent stabilization program, noting that, in their view, this should allow ample time to recover initial investments as to not discourage new development. The Working Group also discussed that the County should consider a vacancy control program that would allow landlords to increase rent by no more than ten percent (10%) following the end of one tenancy and the start of another one.

Because it is not known if the measure to repeal the Costa-Hawkins Act will pass, the Working Group agreed to spend their time focused on other more definite policy recommendations. Accordingly, the Working Group recommends that should the Costa-Hawkins Act be repealed, the Board should reconvene the Working Group to make final recommendations regarding the County's regulatory response.
2. **Vote Summary: Regulate Rent Increases**

TBD following 7/25 final vote

**B. Regulate Evictions**

State law generally does not limit the reasons for which a tenancy may be terminated. State law provides that a tenancy may be terminated without explanation or reason, so long as minimum notice requirements are followed. State law also defines the process (unlawful detainer) to evict a household from a rental unit after the tenancy has terminated.

Tenants and tenant advocacy groups report that some tenants are currently subject to terminations of tenancy without explanation and only the minimum notice periods. Under such conditions, the lack of explanation for terminations and short notice period can create instability and unpredictability for some tenants in the rental market. Following an eviction, some tenants may not be able to find suitable replacement housing or afford moving costs while balancing other expenses, such as food, utilities, and transportation. Regulating the reasons for which a tenancy may be terminated will increase stability and predictability of the rental market generally, and provide greater security for tenants. Moreover, regulating the allowable reasons to terminate a tenancy is also a necessary policy to support the rent stabilization policies. Without eviction regulation or vacancy control, some landlords could evade rent increase restrictions simply by evicting a tenant and resetting the rent upon the creation of a new tenancy.

Although regulating the reasons to terminate a tenancy protects some existing tenants from potentially unreasonable terminations and supports rent stabilization policies, eviction regulations do not reduce the cost of housing or increase the supply of available rental units. Therefore, the Working Group's recommendations in this area are just one component of an approach to addressing the housing crisis.
### Overall Recommendation: Regulate Evictions

The working group reached unanimous agreement with respect to the adoption of "Just Cause" eviction requirements. A majority of the Working Group recommends that Just Cause restrictions on evictions should apply for all tenants in unincorporated Los Angeles County, regardless of unit type, ownership type, and any other rent stabilization or additional tenant protections to supplement the provisions of California State law that provide for eviction under a set of circumstances already defined by state law.

1. **Specific Recommendations: Regulate Evictions**

   The majority of the Working Group recommends that every notice of termination of a residential tenancy in unincorporated Los Angeles County be required to expressly identify at least one reason for which the tenancy is being terminated. The Working Group recommends that the County enact an ordinance prohibiting a landlord from evicting a residential tenant unless one or more specific, authorized conditions exist that would allow for termination (Just Cause for Eviction). Any proposed termination of tenancy that does not identify one or more valid reasons to terminate the tenancy would be invalid and unenforceable.

   a. **Applicability**

   The Working Group recommends that Just Cause for Eviction protections apply to all residential rental units in unincorporated Los Angeles County, including single-family homes, accessory dwelling units, and rental units in multi-family buildings, regardless of any other tenant protection and/or rent stabilization policies that the County may adopt. The Working Group also recommends that Just Cause for Eviction protections apply regardless of the form of ownership of a residential rental unit, and regardless of any other tenant protection and/or rent stabilization policies that may be adopted. In other words, the policy would apply more broadly than Covered
Rental Units for purposes of the Working Group's rent stabilization policy recommendation, because the Costa-Hawkins Act does not prevent the County from applying Just Cause for Eviction policies to any residential rental unit. Even those Working Group members who did not support all of the Working Group's rent stabilization policy recommendations agreed that Just Cause for Eviction protections are a reasonable way to protect tenants without unduly burdening landlords.

b. **Just Causes for Eviction, i.e., Approved Reasons to Terminate a Tenancy**

The Working Group recommends that the Just Cause for Eviction policy identify two categories of acceptable reasons to terminate a tenancy: "For Cause" terminations which are based on the conduct of tenant household, and "No Fault" terminations which are based on the conduct or anticipated conduct of the landlord, regardless of a tenant's actions or conduct.

The Working Group recommends that "For Cause" terminations be defined as the reasons to terminate a tenancy that are defined in California Code of Civil Procedures section 1161 subsections (2) through (4). For reference purposes, subsection (2) gives landlords the right to evict tenants for the non-payment of rent; subsection (3) gives landlords the right to evict tenants for breach of material lease terms; and subsection (4) gives landlords the right to evict tenants who cause or permit a nuisance or use the residence for an unlawful purpose. The Working Group further recommends that the County develop a local definition of material lease terms for purposes of evaluating compliance with subsection (3) of California Code of Civil Procedures section 1161 that makes clear that keeping a pet in violation of lease terms or exceeding the number of people specified in a lease are not material breaches that provide a valid basis for eviction.

A majority of the Working Group recommends that the County permit two additional "No Fault" reasons for terminating a tenancy: owner move-ins and the state law requirement allowing a landlord to permanently withdraw a property from the rental market. Specifically, the Working
Group recommends that a landlord be permitted terminate a tenancy if the owner, or an immediate family member of the owner, will reside in the rental unit for at least 24 consecutive months. In addition, as required by Government Code sections 7060-7060.7 (the Ellis Act), the Working Group recommends that a landlord be permitted to terminate a tenancy to withdraw property from the rental market. In both instances, the Working Group recommends that the landlord be required to pay relocation assistance and provide tenants with a right of first return to the rental unit in the event that the terms of the No Fault eviction are not followed. Recommended relocation benefits and the right of return are discussed in more detail below, however, it is noted that this portion of the recommendation was not unanimous: a minority of Working Group members felt that owner move-ins should be permitted without requiring relocation expenses, particularly for smaller landlords.

c. Additional Eviction Limitations

To the extent permitted by law, the Working Group further recommends that landlords not be permitted to use any eviction procedure based solely on property foreclosure. In addition, the Working Group agrees that landlords should be prohibited from pursuing a No-Fault termination of tenancy during the academic school year when the rental unit is the primary residence of a school-aged (K-12) child enrolled in a school within the public school district to which the rental unit is assigned.

d. Enhanced Noticing Requirements

In addition to regulating the reasons to terminate a tenancy, the Working Group unanimously recommends that the County expand upon the requirements that apply to any notice of termination. Specifically, the Working Group recommends that any termination notice also include information related to the County's Just Cause for Eviction policies and a summary of
tenants' rights. In addition, it is recommended that each notice include the obligation to identify the cause for termination and a summary of termination and eviction proceedings, plus information about how and where the tenant may obtain legal services. The Working Group recommends that the County require that all notices be provided to tenants in the tenant's primary language. To avoid placing a cost burden on landlords, the Working Group discussed the need for County-prepared standard forms that include required notice information and that can be translated in advance into multiple languages. Finally, the Working Group recommends that the County require that all termination notices sent to tenants be copied to the County, which could be monitored using the rent registry recommended in connection with the Working Group's rent stabilization recommendations discussed above.

e.  Relocation Assistance and Right of Return for No Fault Terminations

A majority of the Working Group agreed that when a landlord terminates a tenancy based on one of the No-Fault conditions described above, the landlord should be required to provide financial assistance to the terminated tenant household and offer the tenant household the ability to return to the rental unit if the circumstances around the eviction change (e.g., if an owner moves into a unit but stays less than 24 months, the tenant would be offered a right of return; similarly, if an owner withdraws a building from the rental market but later decides to re-lease the rental units, the tenant would be offered a right of return). A majority of the Working Group supported these policies in order to reduce the impact associated with finding new housing some tenants face following an eviction that was not caused by the tenant's own conduct.

The Working Group recommends that relocation assistance should equal the relocation assistance required by the City of Los Angeles, with reduced payment obligations for smaller landlords consistent with the City's practice. The Working Group recommends that relocation
assistance should be made available regardless of the type of tenancy and regardless of coverage under any regulation of rent increases.

The Working Group recommends that the County require landlords to offer a first right of return to all tenants subject to a No-Fault termination, to the full extent permitted under the Ellis Act. Specifically, this means that for five years following the termination of a tenancy, the landlord would be required to offer an evicted tenant a right of first return to the rental unit at the original rental price, plus any increases allowed under the County's rent stabilization policy. Then, for the next five years (ten years following the termination of a tenancy total), the landlord would be required to offer an evicted tenant a right of first return to the rental unit at a rent that is negotiated between the landlord and the tenant. In addition, tenants would have the right to seek punitive damages against a landlord following an eviction under the Ellis Act if the landlord returns the unit to the rental market within two years following the eviction.

2. **Vote Summary: Regulate Evictions**

TBD following 7/25 final vote

C. **Additional Laws, Regulations and Assistance Programs**

In addition to unregulated rent increases and evictions, some tenants are concerned with harassment, discrimination, housing conditions and habitability. Moreover, not all tenants have the resources to contest evictions, so even unwarranted evictions can result in a tenant being displaced.

**Overall Recommendation: Additional Laws, Regulations and Assistance Programs**

The Working Group recommends specific programs to address potential harassment, discrimination, housing conditions and habitability, and assistance for those tenants whose rental units are not subject to rent increase regulations.
1. **Specific Recommendations: Additional Laws, Regulations, and Assistance Programs**

   a. **Habitability**

      The Working Group recommends that the County implement a complaint-based inspection program, a rent escrow account program, a tenant habitability program, and engage in systemic code enforcement practices modeled after the City of Los Angeles' programs. In addition, the Working Group recommends that in the event that a landlord must perform substantial rehabilitation of a rental unit to address code violations or habitability issues that would require the unit to be uninhabitable, relocation benefits and a right to return to the unit should be required. For substantial rehabilitation that would require the rental unit to be uninhabitable for a period of 60 days or less, temporary relocation benefits for short-term accommodations should be required. For longer rehabilitation projects, relocation benefits are recommended to equal those in the Just Cause for Eviction policy recommendations discussed above. In both cases, the Working Group recommends that the displaced tenant be given a first right of return for the rental unit at the previous rent, plus any adjustments authorized under the Rent Stabilization policy recommendations.

   b. **Anti-Harassment, Anti-Discrimination Section**

      The Working Group reached unanimous agreement with respect to recommending an adoption of an ordinance that prohibited landlords from refusing to rent to Section 8 voucher holders, or other similar federal, state or local rent assistance programs.

   c. **Eviction Defense and Emergency Rent Subsidy**

      Earlier in 2018, San Francisco voters approved a "right to counsel" law that would provide tenants facing an eviction with access to legal services, and the City of Los Angeles is currently exploring a similar program. The Working Group unanimously recommends that the Board direct
County staff to analyze a right to counsel law for unincorporated areas of Los Angeles County, including a study of prospective costs and funding sources. Depending on the result of the study, the Working Group recommends that the County consider adopting a right to counsel ordinance to help ensure that tenants have access to legal information and representation when faced with issues related to rental housing, including alleged harassment, rental agreement disputes, and eviction suits.

The Working Group also recommends that the County should explore expanding existing funding mechanisms to support financial assistance and/or emergency rent relief programs as a tenant protection mechanism. Short-term loans, grants, or other forms of financial assistance can help some tenants avoid missing rent payments and can help low-income households avoid displacement and prevent homelessness. The recommendation would also require further study, including a fiscal analysis, to determine how to fund such programs on an ongoing basis.

### 2. Vote Summary: Additional Laws, Regulations and Assistance Programs

TBD following 7/25 final vote

#### D. Implementation Mechanisms

The implementation and ongoing oversight of the Working Group's recommendations will require County staff and administrative resources. Specifically, to administer the tenant protection programs recommended by the Working Group, a new oversight board will be required. Both the oversight board and other recommended administrative tasks will require a dedicated funding source.

<table>
<thead>
<tr>
<th>Overall Recommendation: Implementation Mechanisms</th>
</tr>
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<tbody>
<tr>
<td>The Working Group recommends that the cost of ongoing oversight and enforcement be shared by tenants and landlords. The tenant protection policies are recommended to be</td>
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</tbody>
</table>

34
cost neutral to the County general fund. In addition, the Working Group recommends that any new policies be accompanied by a significant outreach and education program.

1. **Specific Recommendations**

   a. **Oversight Board**

      The Working Group unanimously recommends that the Board appoint an oversight board to hear and rule on landlord and tenant petitions, which are discussed in more detail above in connection with the Working Group's recommendations on Rent Stabilization policies. The Working Group further recommends that the oversight board include tenants, tenants' rights advocates, landlords, and other appropriate stakeholders.

   b. **Administration Fees**

      The majority of the Working Group recommends that the County assess an annual fee to landlords for each Covered Rental Unit in unincorporated Los Angeles County that is sufficient to cover program operations. The Working Group further recommends that up to fifty percent (50%) of the fee be allowed to be passed through to tenants, in addition to rent owed. Finally, the Working Group recommends that a separate fee schedule be developed to petition the oversight board for rent adjustments.

   c. **Education and Outreach**

      Lastly, the Working Group unanimously reiterated the importance of an outreach program to educate both landlords and tenants with critical information that is needed to maintain quality of life for both groups of stakeholders. As discussed above, the Working Group recommends that the County develop a significant outreach program in connection with any new programs that are enacted so that all parties have the opportunity to learn about their rights and responsibilities with respect to rental housing. New measures should be accompanied by a County-operated website.
that provides a repository for information about rental housing programs available for tenants and landlords through the County, the state, the federal government, or other service providers. In addition to focused outreach and education efforts to publicize any new programs, the Working Group recommends that the County offer technical assistance to landlords and tenants on an ongoing basis to help members of both groups comply with the County's requirements, which could be funded in part by the recommended registration fees.

2. **Vote Summary: Implementation Mechanisms**

TBD following 7/25 final vote

V. **NEXT STEPS**

The Board's May 16, 2017 Motion included direction to convene the Tenant Protections Working Group to provide policy recommendations that would: (a) protect residential and commercial tenants Countywide, (b) propose an implementation framework for the policy recommendations, (c) help craft a comprehensive Los Angeles County Tenancy Report and Dashboard focused on the state of residential and commercial tenancies throughout Los Angeles County, (d) identify any legislative positions that support the County's ability to protect residents and commercial establishments, and (e) engage cities within the County to potentially coordinate efforts to develop and administer tenant protection policies.

As detailed above, the Working Group focused its efforts to provide policy recommendations to protect residential tenants and proposing an implementation framework. Specifically, the Working Group recommends that the Board adopt tenant protection measures in four key policy areas, including: a rent stabilization program that would place a cap on annual rent increases landlords could impose on tenants in covered rental units; "just cause" for eviction
protections that regulate terminations of tenancy and evictions; additional protections to address habitability of units, anti-harassment and anti-discrimination policies, exploration of eviction defense assistance, and emergency rent subsidies; and implementation measures including an oversight board, a fee structure that creates a cost-neutral program for the County, and a comprehensive education and outreach program to landlords and tenants.

In addition, the Working Group reviewed ongoing efforts to address tenant protections at the state level, with the majority of the discussion focused on Proposition 10, which would repeal the Costa-Hawkins Act. Should Proposition 10 be adopted by the voters in November, the Working Group requests that the Board reconvene the Working Group for further discussion and recommendations as to a regulatory response. Throughout its process, the Working Group reviewed current and historical efforts to implement tenant protections and rent stabilization at the local level in California. In particular, the Working Group discussed how to coordinate County tenant protection measures with programs that are effective in the City of Los Angeles (City). Representatives from the City presented aspects of the City's program to the Working Group at one of its meetings, and City representatives were regular meeting attendees.

The Board can choose to adopt the entire package of recommended tenant protection measures by amending the County’s Code of Ordinances, or by taking the matter to a public vote at the next regularly scheduled election. Alternatively, the Board can choose to adopt any or each of the recommended tenant protection measures individually in the same way. Finally, the Board could select components of the recommended tenant protection measures to adopt directly, while placing other components of the policy recommendations before the voters. To place any of the tenant protection measures on the ballot, the Board would direct County Counsel to draft the ballot measure for Board consideration, and then the Board would take action to place the item on the
ballot. In connection with implementation of any of the recommended tenant protection measures, the Board will also need to determine which department, commission, or related entity will be responsible for the administration of any new or expanded programs.

To ensure timely reporting back to the Board, the Working Group focused its efforts on residential tenant protections; it did not emphasize policies to support commercial tenants. The Working Group understands that following its report to the Board, the County CEO will be working with other County departments to develop a County tenancy dashboard. However, these priorities, as well as identification of additional legislative positions and continued opportunities to collaborate with other local jurisdictions, are important policy issues that may be worthy of additional exploration and discussion. Just as the Working Group requested that it be reconvened to provide further recommendations if the Costa-Hawkins Act is repealed, the Board may wish to: continue to study policy options that support commercial tenants; collaborate with the County CEO’s effort to develop a residential tenancy dashboard; identify additional opportunities to support state and Federal legislation to protect tenants; and continue to cultivate partnerships with cities throughout the County to promote a regional approach to tenant protections.

VI. CONCLUSION

The Working Group recognizes the importance of tenant protections as a matter of public policy in the County of Los Angeles and its unincorporated areas. It is our hope that this summary report will prove informative and help guide future policy actions of the County Board of Supervisors. The Working Group thanks each of the Supervisors for initiating this effort and committing the County to an open and public process.
# Unincorporated Areas – Housing Types

## Residential Housing Distribution, By Type and Tenure (2016)

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<th>Renter Occupied</th>
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<td>40%</td>
<td>1,499,576</td>
</tr>
</tbody>
</table>

Source: Department of Regional Planning GIS Section; ESR; ACS 5 year 2016 data for selected variables from PHYSICAL HOUSING CHARACTERISTICS FOR OCCUPIED HOUSING UNITS (52504)
### Unincorporated Areas – Housing Quality

#### Selected Conditions of Housing, By Tenure (2016)

<table>
<thead>
<tr>
<th>Number of Selected Conditions</th>
<th>Unincorporated Area</th>
<th>Los Angeles County</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Occupied</td>
<td>Owner Occupied</td>
<td>Rent Occupied</td>
<td>Total Occupied</td>
<td>Owner Occupied</td>
<td>Rent Occupied</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Units</td>
<td>% Total Units</td>
<td>Units</td>
<td>% Units by # of Selected Conditions</td>
<td>Units</td>
<td>% Units by # of Selected Conditions</td>
<td>Units</td>
<td>% Total Units</td>
<td>Units</td>
<td>% Units by # of Selected Conditions</td>
<td>Units</td>
<td>% Units by # of Selected Conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With one selected condition</td>
<td>126,851</td>
<td>43%</td>
<td>66,117</td>
<td>52%</td>
<td>60,734</td>
<td>48%</td>
<td>1,474,190</td>
<td>45%</td>
<td>568,553</td>
<td>39%</td>
<td>905,637</td>
<td>61%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With two selected conditions</td>
<td>19,797</td>
<td>7%</td>
<td>4,580</td>
<td>23%</td>
<td>15,218</td>
<td>77%</td>
<td>233,792</td>
<td>7%</td>
<td>35,421</td>
<td>14%</td>
<td>200,371</td>
<td>86%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With three selected conditions</td>
<td>427</td>
<td>0%</td>
<td>93</td>
<td>22%</td>
<td>334</td>
<td>78%</td>
<td>8,065</td>
<td>0%</td>
<td>947</td>
<td>12%</td>
<td>7,118</td>
<td>88%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With four selected conditions</td>
<td>17</td>
<td>0%</td>
<td>5</td>
<td>31%</td>
<td>11</td>
<td>69%</td>
<td>656</td>
<td>0%</td>
<td>62</td>
<td>9%</td>
<td>604</td>
<td>91%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No selected conditions</td>
<td>148,223</td>
<td>50%</td>
<td>105,359</td>
<td>71%</td>
<td>42,864</td>
<td>29%</td>
<td>1,565,132</td>
<td>48%</td>
<td>806,593</td>
<td>57%</td>
<td>768,539</td>
<td>43%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Housing Units</td>
<td>295,315</td>
<td>100%</td>
<td>176,154</td>
<td>60%</td>
<td>119,161</td>
<td>40%</td>
<td>3,281,845</td>
<td>100%</td>
<td>1,499,576</td>
<td>46%</td>
<td>1,782,269</td>
<td>54%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Regional Planning GIS Section; ESRI; ACS 5 year 2016 data for selected variables from TENURE BY SELECTED PHYSICAL AND FINANCIAL CONDITIONS (B25123)

#### Selected Conditions

1) lacking complete plumbing facilities,
2) lacking complete kitchen facilities,
3) with 1.01 or more occupants per room,
4) selected monthly owner costs as a percentage of household income greater than 30 percent, and
5) gross rent as a percentage of household income greater than 30 percent.
Unincorporated Areas – Demographic Profile

Persons with Disabilities

- Households with 1+ Persons with Disability: 75%
- Households with No Persons with Disabilities: 25%

Households with Children

- Households with Population <18: 42%
- Households with No Population <18: 58%

Source: Department of Regional Planning GIS Section; ESRI; ACS 5 year 2016 data
Unincorporated Area Housing Stock
How many units are eligible for rent stabilization?

- **Unincorporated population**: 1,051,989 (10% of the entire LA County population; 2016)
- **Total occupied housing units**: 295,315 = Owner 176,154 (60%) + Renter 119,161 (40%) (2016)
- **Vacant housing units**: 19,335 or 6% (2015)

### Total Housing Units Occupied: 295,293

- **78%**: 230,638 One Unit (Single Family)
- **19%**: 56,513* 2 or More Units (Multi-family)
- **3%**: 8,142 Mobile home, boat, RV, van, etc.

### Total Multifamily Units Occupied: 56,511

- **91%** 51,590* Renter-occupied
- **9%** 4,921 Owner-occupied

---

Costa-Hawkins exempts single family homes, condos, and units built in 1995 or after.

~50,000 multifamily units built before 1995 would not be exempt by Costa-Hawkins (rent stabilization permitted)

---

*Due to combining data sets, rounding error shows slightly different total number.  
Source: Dept. of Regional Planning; ESRI; ACS 2016  
Note: 93% of multifamily homes in the Unincorporated Area were built before 1995, according to Enterprise Community Partners Analysis (March 2018)

### Largest number of multifamily units located in these areas (51% of total in the Unincorp. Area)

<table>
<thead>
<tr>
<th>Unincorporated Area</th>
<th>SMMF (2-49 units)</th>
<th>LMF (50+ units)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Los Angeles</td>
<td>7,889</td>
<td>759</td>
<td>8,648</td>
</tr>
<tr>
<td>Athens-Westmont</td>
<td>5,134</td>
<td>134</td>
<td>5,268</td>
</tr>
<tr>
<td>Florence-Firestone</td>
<td>4,286</td>
<td>-</td>
<td>4,286</td>
</tr>
<tr>
<td>Rowland Heights</td>
<td>763</td>
<td>2,296</td>
<td>3,059</td>
</tr>
<tr>
<td>South Whittier</td>
<td>1,687</td>
<td>929</td>
<td>2,616</td>
</tr>
<tr>
<td>Lennox</td>
<td>1,771</td>
<td>313</td>
<td>2,084</td>
</tr>
<tr>
<td><strong>Total in Selected Area</strong></td>
<td><strong>21,530</strong></td>
<td><strong>4,431</strong></td>
<td><strong>25,961</strong></td>
</tr>
<tr>
<td>Total in Unincorporated Area</td>
<td>36,054</td>
<td>15,229</td>
<td>51,283</td>
</tr>
<tr>
<td>Percent of Total Unincorp.</td>
<td>60%</td>
<td>30%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Note: 93% of multifamily homes in the Unincorporated Area were built before 1995, according to Enterprise Community Partners Analysis (March 2018)
## Unincorporated Areas in Los Angeles County

### LIST, WITH PRELIMINARY DISPLACEMENT DESIGNATION, OF LOS ANGELES COUNTY UNINCORPORATED AREAS

<table>
<thead>
<tr>
<th>Unincorporated Area</th>
<th>Total Rental Units</th>
<th>Median Household Income</th>
<th>Total Units</th>
<th>Median Household Income</th>
<th>Median House Value</th>
<th>Average Rent per Month</th>
<th>Median Sales Value</th>
<th>Percent Renter</th>
<th>Unit Growth (Owner and Renter-Occupied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altadena</td>
<td>4,419</td>
<td>$86,050</td>
<td>2015</td>
<td>$9,120</td>
<td>2017</td>
<td>$78,600</td>
<td>2017</td>
<td>2%</td>
<td>-1,250</td>
</tr>
<tr>
<td>Athens (or West Athens)</td>
<td>8,590</td>
<td>$34,430</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$49,600</td>
<td>2017</td>
<td>6%</td>
<td>+1,025</td>
</tr>
<tr>
<td>Castaic</td>
<td>1,106</td>
<td>$104,427</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$59,800</td>
<td>2017</td>
<td>5%</td>
<td>+4,930</td>
</tr>
<tr>
<td>Charter Oak (islands)</td>
<td>1,457</td>
<td>$61,620</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$54,200</td>
<td>2017</td>
<td>3%</td>
<td>-164</td>
</tr>
<tr>
<td>Del Aire</td>
<td>714</td>
<td>$74,573</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$59,800</td>
<td>2017</td>
<td>5%</td>
<td>+395</td>
</tr>
<tr>
<td>East Los Angeles</td>
<td>20,430</td>
<td>$38,766</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$43,000</td>
<td>2017</td>
<td>5%</td>
<td>+1,556</td>
</tr>
<tr>
<td>East Pasadena</td>
<td>709</td>
<td>$76,523</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$82,300</td>
<td>2017</td>
<td>2%</td>
<td>-27</td>
</tr>
<tr>
<td>East Rancho Dominguez</td>
<td>1,590</td>
<td>$44,127</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$38,500</td>
<td>2017</td>
<td>6%</td>
<td>+591</td>
</tr>
<tr>
<td>East San Gabriel[2]</td>
<td>2,179</td>
<td>$65,833</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$82,400</td>
<td>2017</td>
<td>8%</td>
<td>+1</td>
</tr>
<tr>
<td>East Whittier</td>
<td>732</td>
<td>$69,066</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$50,000</td>
<td>2017</td>
<td>6%</td>
<td>+1,701</td>
</tr>
<tr>
<td>El Camino Village/Alondra Park</td>
<td>1,377</td>
<td>$56,631</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$47,400</td>
<td>2017</td>
<td>6%</td>
<td>-455</td>
</tr>
<tr>
<td>Florence/Firestone/Graham</td>
<td>9,176</td>
<td>$33,934</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$34,400</td>
<td>2017</td>
<td>6%</td>
<td>+1,019</td>
</tr>
<tr>
<td>Hacienda Heights</td>
<td>3,535</td>
<td>$78,039</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$57,000</td>
<td>2017</td>
<td>12%</td>
<td>+27</td>
</tr>
<tr>
<td>La Crescenta</td>
<td>2,710</td>
<td>$85,458</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$78,200</td>
<td>2017</td>
<td>13%</td>
<td>-2</td>
</tr>
<tr>
<td>Ladera Heights</td>
<td>710</td>
<td>$102,281</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$78,600</td>
<td>2017</td>
<td>13%</td>
<td>+218</td>
</tr>
<tr>
<td>Lennox</td>
<td>3,886</td>
<td>$36,424</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$47,100</td>
<td>2017</td>
<td>1%</td>
<td>+304</td>
</tr>
<tr>
<td>Los Nietos/West Whittier</td>
<td>2,469</td>
<td>$65,363</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$45,100</td>
<td>2017</td>
<td>6%</td>
<td>+177</td>
</tr>
<tr>
<td>Marina del Rey[2]</td>
<td>4,907</td>
<td>$100,195</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$89,800</td>
<td>2017</td>
<td>3%</td>
<td>-166</td>
</tr>
<tr>
<td>Quartz Hill</td>
<td>1,067</td>
<td>$54,245</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$32,100</td>
<td>2017</td>
<td>13%</td>
<td>+183</td>
</tr>
<tr>
<td>Rowland Heights</td>
<td>4,878</td>
<td>$59,534</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$67,800</td>
<td>2017</td>
<td>3%</td>
<td>+442</td>
</tr>
<tr>
<td>San Pasqual</td>
<td>397</td>
<td>$87,708</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$82,300</td>
<td>2017</td>
<td>4%</td>
<td>-30</td>
</tr>
<tr>
<td>South Whittier</td>
<td>5,573</td>
<td>$62,592</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$48,600</td>
<td>2017</td>
<td>2%</td>
<td>+480</td>
</tr>
<tr>
<td>Stevenson Ranch</td>
<td>1,993</td>
<td>$119,394</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$69,400</td>
<td>2017</td>
<td>7%</td>
<td>+2,296</td>
</tr>
<tr>
<td>View Park/Windsor Park</td>
<td>1,306</td>
<td>$82,718</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$74,300</td>
<td>2017</td>
<td>13%</td>
<td>+212</td>
</tr>
<tr>
<td>Wolnaut Park</td>
<td>1,745</td>
<td>$42,400</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$38,900</td>
<td>2017</td>
<td>5%</td>
<td>+71</td>
</tr>
<tr>
<td>West Carson</td>
<td>1,952</td>
<td>$64,613</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$43,400</td>
<td>2017</td>
<td>8%</td>
<td>-44</td>
</tr>
<tr>
<td>West Puente Valley</td>
<td>584</td>
<td>$64,236</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$42,000</td>
<td>2017</td>
<td>3%</td>
<td>+328</td>
</tr>
<tr>
<td>West Rancho Dominguez/Victoria</td>
<td>91</td>
<td>$47,881</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$39,900</td>
<td>2017</td>
<td>8%</td>
<td>+5,456</td>
</tr>
<tr>
<td>Willowbrook</td>
<td>4,100</td>
<td>$36,481</td>
<td>2017</td>
<td>$9,120</td>
<td>2017</td>
<td>$33,500</td>
<td>2017</td>
<td>5%</td>
<td>+3,702</td>
</tr>
</tbody>
</table>

[1] Includes LIHTC Units and Public Housing Units

[2] The data on housing growth for West Rancho Dominguez/Victoria and Willowbrook from 2000-2015 appear to be outliers. The consultants have not been able to confirm that these figures are accurate.

[3] Total Rental Units, Percent Renter, and Unit Growth data for East San Gabriel is from the ACS 2011-2015 5-Year Estimate, as housing unit data for this area is not available on LocateALCounty.


[5] Total Rental Units, Median Household Income, Percent Renter, and Unit Growth for West Chatsworth only reflects data for 2010-2015, as that area was part of a larger Census tract prior to 2010; data for this area is not available on LocateALCounty.

Sources: American Community Survey; Applied Geographic Solutions/LocateALCounty (a newly created County sponsored database); CoStar; Los Angeles County Community Development Commission; U.S. Census; Redfin; Zillow.

9/20/17
Regular Meeting of the Tenant Protections Working Group
Wednesday, June 27, 2018

Please note that this is a general summary of comments made at this meeting by Working Group members based on notes taken by CEO staff and checked against the recording of the meeting. Not all Facilitator comments are included nor are all the comments made by Goldfarb & Lipman as they are included in their presentation.

I. Overview
Doug Baron facilitated this meeting and brought the meeting to order. He reviewed the agenda items, including discussion and review of the four drafted narratives to date. Six working group members were present for discussion: Barbara Schultz, Fred Nakamura, Jacqueline Waggoner, Jessie Kornberg, Malcolm Bennett, and Richard Green.

II. Carryover from Prior Meetings
- Jessie mentioned the City’s proposed program on eviction defense. Based on the working group’s previous discussion on this topic and a review of the City’s proposal, she will draft recommendations on eviction defense. The working group plans to discuss the draft recommendations at the next meeting on July 11.
- Jessie requested to circle back with members for their feedback on any new topics or changes to topics, based on information presented by the City of LA on June 13.
- Jacqueline suggested members discuss emergency rental assistance, rental subsidies and other prevention strategies for tenants.

A. Final meeting dates
- July 11 – Review report outline. Last meeting to present any new information, including eviction defense. (Richard Green will be absent; Jacqueline Waggoner is tentative)
- July 25 – Review recommendations and voting; four-hour meeting. All six present members will attend. CEO and facilitator to follow up with other members.

B. Review Narratives

The facilitator moved into the two recommendations that were drafted by Barbara Schultz. He reminded everyone that these are only rough drafts.
1. Attachment V: Relocation Assistance and Right of Return; and
2. Attachment VI: Rent Floor, Ceiling and CPI. This narrative was discussed during agenda item III: Group discussion on the Rent Stabilization Policy Outline.

Draft Narrative for Report to the Board – Relocation Assistance and Right of Return (Attachment V)

Side note: Barbara mentioned that voters in Santa Cruz will be voting on a measure as follows: For rent increases over 10%, tenants would have 15 days to decide if they can pay and then access funds for relocation. Eric mentioned the measure would be only applicable for RSO units (as long as Costa-Hawkins).

Recommendation
- Members agreed to change recommendation #3 of the first section as follows to clarify “as robust as permitted by state law” in reference to the Ellis Act.
“The majority of the Working Group recommends the right of return be as robust to the full extent as permitted by state law.”

**Costa Hawkins Repeal**
- After discussion, members did not specify the age of units that should be covered by the rent stabilization ordinance (all units older than X). The draft recommendation indicates X is likely somewhere between 10 and 20 years, ensuring developers get a fair rate of return on their property.
- Members agreed to include in the narrative that if Costa Hawkins is repealed, the working group would be interested in returning in November to consider which units would be covered.

**Section 8 Discrimination**
- All members agreed with adoption of an ordinance that prohibits landlords from refusing to rent to Section 8 voucher holders, or similar rent assistance programs. It was also noted that a recent bill, if passed, would prohibit income discrimination.

Eric asked if information from the City’s presentation would influence this recommendation.

**Mom and Pop Landlords**
*City of LA: Relocation assistance for the City depends on whether the tenant is an Eligible or Qualified tenant, the length of tenancy, and the tenant’s income. A lower amount of relocation assistance is required for evictions for owner occupancy for “Mom and Pop” properties. “Mom and Pop” landlords may own no more than four residential units and a single-family house in the City of LA (LAMC 151.30 E). These landlords may pay a lower amount in order to evict for occupancy by the landlord, or the landlord’s spouse, children, parents, grandparents, or grandchildren. Use of this provision is limited to once every three years.*

- Barbara noted that the City has six categories for relocation assistance and defines mom and pop property owners by the number of units, rather than by income. Also, the number of units owned must be limited within the City of LA. Barbara questions the definition, when larger developers fit this definition by having many rental units outside of the City of LA.
- Malcolm thinks the City of LA’s definition of mom and pop owners is fair.
- Fred believes there is a problem with defining ownership as someone may have a trust or LCC and own 1,000 units but only have two units under their own name.
- Fred and Barbara think this is a minor issue and would like to address the mom and pop owners, only if the group has enough time.
- Jacqueline suggested members to discuss and define mom and pop owners, as they operate differently than larger developers.
- Jessie suggested that this may not be a relocation issue, but related to rent board, payments and administrative costs. There may be a sliding scale to lessen burden for mom and pop owners by paying less than a larger owner.
- It was agreed members would revisit this issue, when fees were discussed later in the meeting.

**Discussion on Subsidy Programs (carryover from City of LA’s presentation)**
Jacqueline and Richard mentioned the need for emergency rental assistance and longer-term rental subsidies. Members acknowledged Measure H exists, but they also discussed other options to address the housing crisis. Members talked about the possibility of utilizing registration fees to fund rental subsidies.
Regular Meeting of the Tenant Protections Working Group  
Wednesday, June 27, 2018

Richard suggested an auction in a higher density area, and the money raised could fund subsidies. Malcolm agreed that this type of strategy would change land use and incentivize development. Jessie asked what neighborhood could this be piloted. Richard suggested East Pasadena, being near transit and of higher density.

- Eric will look into the legality of utilizing fees for rental subsidies, as these fees usually run program operations and may violate prop 218.
- As suggested by Eric, members agreed that the report would indicate that tenant protection policies are one slice to address the housing shortage crisis. This perspective would be part of the introduction and framing of the report, followed by specific recommendations on tenant protections.

Review of Rent Stabilization Ordinance Policy Outline

**Slide 3, Covered Rental Units – Pre-Approved Increases, What happens if increase is not implemented?**

**Bank/holdover unused increase for a future year or Prohibit banking?**
- Barbara opposes banking and believes this practice leads to displacement.
- Richard and Malcolm think that prohibiting banking leads to annual maximum increases.
- Fred is ok with banking, if the tenant signs an agreement to allow banking.
- Jessie says her recommendation would depend on Costa Hawkins or its repeal. If repealed and there are more units and vacancy control, then banking is more important.
- Jacqueline asked about time-limits on banking, and Eric noted that Oakland has a five-year period.
- Most agree to allow for banking if the tenant signs an agreement; Barbara opposes banking.

**Narrative VI floor/ceiling (attachment VI and slide 3)**

**CPI discussion:**
- Barbara asked why some cities (San Francisco) use a percentage of CPI. Eric responded that a percentage of CPI is more protective for tenants by offering more stability and predictability.
- Richard does not agree with limiting rental increases to less than overall CPI. He stated that SF has had a 15% decrease in rental units, and operating expenses increased more than rents.
- Malcom agreed that CPI doesn’t cover all operating expenses.
- All agreed to focus on the floor and ceiling, rather than the CPI metric.
- All agreed on the local CPI metric (Barbara noted if Social Security Income is based on national CPI, then she would trade the local CPI for a lower floor.)

**Preliminary Voting on Floor and Ceiling (final vote to be held on 7/25/18)**

<table>
<thead>
<tr>
<th>Option</th>
<th>Members Oppose Option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Floor</strong></td>
<td></td>
</tr>
<tr>
<td>1. 2 percent</td>
<td>MB, JW, RG</td>
</tr>
<tr>
<td>2. 3 percent</td>
<td>BS, JW</td>
</tr>
<tr>
<td>3. 3 percent or CPI + 2 (lower)</td>
<td>BS</td>
</tr>
<tr>
<td><strong>Ceiling</strong></td>
<td></td>
</tr>
<tr>
<td>1. CPI + 2</td>
<td>RG, MB</td>
</tr>
<tr>
<td>2. CPI</td>
<td>BS, JK</td>
</tr>
</tbody>
</table>
Floor
- All present members were not opposed to option 3, except for Barbara.
- Richard mentioned research supports 2% for annual maintenance costs.
- Jacqueline thinks at least 3% is needed for maintenance costs.
- Barbara showed that the CPI has been below 3% for 15 years, but the City’s floor is 3%.

Ceiling
- To revise/correct to match City of LA at 8%.
- Bring back city of LA # and if not majority vote, then debate again.

- **Covered Rental Units** – Regulate amount of rent increase, petition-based changes (slide 4); no change from previous discussion.
- **Enforcement Mechanism** (slide 5) present members recalled that the group had reached consensus on an information-based system and agreed to collect information annually (slide 6).
- **Costa-Hawkins Units** (indirect regulation) – All present agreed to a voluntary mediation; however, members asked to not make changes to the previous draft until a final vote with others present. Members agreed to take out standardized lease terms, since this is already in existing eviction protections.
- **Exempt Units** (slide 8) - no change
- **Rent Board** (slide 9) – Referred to language in Attachment 3, bullet 7. Members agreed on an adjudication role only. Malcolm indicated no policy making role for the board.
- **Program financing** (slide 10) – Members revisited the issue brought up about property owners of smaller units; there was agreement to a uniform fee structure for all owner types. Richard is neutral on this matter. Barbara and Fred agreed and decided that the LLC/family trust/mom and pop discussion is out of scope.
- **Rent registration** (slide 11) – Members suggested to include data on onsite parking/other amenities inclusive of rent. Richard asked of IT capability, and the facilitator noted that we may assume county can manage collection and storage of data.

Other Tenant Protections
- Members agreed that Attachment 5 – Relocation Assistance and previous narrative on Anti-harassment and Just Cause covers this. Members agreed that habitability and code enforcement should be broadly looked at to come up with the best and most robust strategy for oversight and habitability. They recommend that the Board considers a comprehensive strategy, after rent stabilization is addressed. The narrative in the report would recommend code overall enforcement/habitability, and then include components to be considered by the Board.

Fred asked about code enforcement outside of the health dept. County Counsel mentioned this occurs across multiple departments and is complaint-based. County Counsel indicated that the housing inspectors at DPH are conducted by the same organization as the City. In addition, the CDC/HACoLA conducts inspections on Section 8 units.
Barbara brought up the issue of illegal units. CEO indicated that the County recently adopted an ordinance that legalizes Accessory Dwelling Units (ADU), and there is the State legislature looking into the legalization of ADUs.

The facilitator reminded the working group that the next meeting would be the last meeting to receive any requested information. It was agreed that Jessie would draft send recommendations on eviction defense and the City’s proposal prior to the next meeting.

Public Comment

Molly Rysman (SD3) announced that Supervisors Kuehl and Solis were filling a motion to introduce an interim ordinance to freeze rents on Tuesday 7/3 (After the meeting, CEO was informed by SD2NOTE THIS HAS BEEN CONTINUED TO 7/17). Molly encourage working group members and the public to attend and provide their comments at the meeting. In addition, the CDC/HACoLA Board deputies will have rent stabilization/tenant protections on their July 18 agenda.

Three attorneys representing tenants indicated strong concerns against banking rental increases.

Three landlords/property owners support choice in housing Section 8 tenants.

Three tenants expressed concerns about rising rents and fear of losing their housing.

An individual commented about rising property tax, a possible stormwater tax, and other fees and the pass through of costs to property owners and tenants.