



**COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY**
of the County of Los Angeles

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Commissioners

Monique King-Viehland
Executive Director

November 13, 2018

The Honorable Board of Supervisors
County of Los Angeles
B96 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**INTRODUCTION OF AN INTERIM RENT STABILIZATION ORDINANCE TO IMPOSE
A MORATORIUM PROHIBITING RENT INCREASES AND EVICTIONS WITHOUT
JUST CAUSE FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This Board Letter recommends that your Board introduce an Interim Rent Stabilization Ordinance to impose a 180-day moratorium on rent increases in excess of three percent (3%) per year, and evictions without just cause for residential rental properties in the unincorporated areas of Los Angeles County, with the option to extend as necessary. This letter also recommends that your Board establishes base rent levels as they existed on September 11, 2018 and voids all residential rent increases above 3% in effect after September 11, 2018.

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Find that approval of this Interim Rent Stabilization Ordinance is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this letter and in the record.
2. Introduce an Interim Rent Stabilization Ordinance to impose a 180-day moratorium on rent increases in excess of three percent (3%) per year and evictions without just cause for rental properties, except for those properties that are statutorily exempt from rent control.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 November 13, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

3. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on November 20, 2018, the Interim Rent Stabilization Ordinance that implements the above recommendation, with an effective date of December 20, 2018.
4. Instruct the Director of the Department of Consumer and Business Affairs (DCBA) and the Executive Director of the Community Development Commission to work with the Chief Executive Office (CEO) to develop program, space, funding requirements, and retain as-needed consultants to implement the Interim Rent Stabilization Ordinance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 16, 2017, your Board directed the CEO, in coordination with the Director of the Department of Regional Planning, the Executive Director of the Community Development Commission (CDC), the Director of DCBA, the Director of Public Health, the Director of Public Works, the Assessor, and the County Counsel to convene and provide technical support for a Tenant Protections Working Group to, among other charges, provide recommendations to your Board regarding potential tenant protections to be developed for unincorporated areas of the County.

After a months-long public process involving thirteen public meetings, the Tenant Protections Working Group issued a report to your Board on August 15, 2018, which included recommendations to adopt a rent stabilization program for residential rental units in unincorporated areas of the County and an eviction regulation program that would limit reasons why a landlord could lawfully terminate a residential tenancy.

On September 11, 2018, your Board instructed the CDC and the DCBA, in consultation with the CEO and County Counsel to return to the Board in 60 days with an interim ordinance to place a temporary limit on rent level increases and evictions without just cause. Additionally, the Board asked CDC and DCBA, in consultation with the CEO and County Counsel to report back on the development of a plan to build an immediate capacity for more consistent code enforcement of tenant occupied units, development of a strategy to begin collection of data to track rent increases and evictions specific to the unincorporated areas, development of a framework for arbitration or conflict resolution for tenant-landlord disputes, and the feasibility of exploring and pursuing a right to provide legal counsel services in the County to low income tenants being threatened by eviction.

The departments above formed a work group to prepare the Interim Rent Stabilization Ordinance to temporarily limit rent increases. The attached Interim Rent Stabilization Ordinance establishes rent levels as they existed on September 11, 2018, as base rents for the purposes of determining a fair and reasonable return. This Ordinance also imposes a 180-day moratorium on tenant evictions without just cause and rent increases in excess of three percent (3%) per year, commencing on the effective date of the Interim Rent Stabilization Ordinance, for rental properties in unincorporated areas of

Los Angeles County, except those that are exempt under the federal and state law as of September 11, 2018, including units with a certificate of occupancy issued after February 1, 1995, condos, and single family homes.

While the Board reviews the Tenant Protections Working Group recommendations, it is being recommended that this Interim Rent Stabilization Ordinance be adopted in order to protect the tenants of rental units in unincorporated Los Angeles County from unreasonable rent increases and evictions without just cause, while also recognizing the need for property owners to receive a fair return on their property and rental income sufficient to cover operating expenses.

Capacity for Code Enforcement

The Interim Rent Stabilization Ordinance work group interviewed several County departments to understand the scope of existing County code enforcement programs, including the CDC and the Housing Authority of the County of Los Angeles (HACoLA) the Department of Regional Planning (DRP), the Department of Public Works (DPW), and the Department of Public Health (DPH). Collectively, these departments ensure legal and regulatory compliance for tenant-occupied units pursuant to federal, state, and local zoning, housing, building, and health and safety codes. However, with the exception of programs for public housing, Housing Choice Vouchers units, other housing funded with federal dollars, and new construction or substantial rehabilitation projects, most ongoing inspection programs are either complaint based or routine inspections of a small percentage of units in each building when possible. No existing programs require routine inspections and code enforcement for the range of applicable code enforcement requirements for all tenant occupied residential rental units in unincorporated County.

The work group also researched several rental housing inspection programs that the County could replicate or model a program after, including programs in the Cities of Hemet, Lancaster, Long Beach, Los Angeles, and Sacramento. The work group found that most of these programs strive to address the issue of substandard housing, maintain code compliance, and protect the health, safety, and welfare of tenants. The scope usually includes State Health and Safety Code, as well as building and housing code enforcement. Program structures vary, but most have some form of routine inspections, in addition to their complaint-based systems. Additionally, most require registration, inspection fees, some of which are passed through to tenants, systematic tracking and regular re-inspections.

Based on the work group's findings and the County's current inspection programs, to build immediate capacity for more consistent code enforcement, CDC will convene staff from CDC, HACoLA, DPH, DRP, and DPW to collectively discuss the scope and challenges of current programs, identify unincorporated areas that need better code enforcement, discuss opportunities to collaborate and how to better track inspections,

and determine what resources are needed for such changes. The group will also explore the possibility of creating a systematic code enforcement program with routine inspections on rental properties, and consider the potential coordinating agency, program scope, program structure, program incentives or enforcement mechanisms, needed resources, and funding options.

Collection of Data to Track Evictions and Rent Increases

The Interim Rent Stabilization Ordinance work group researched eviction and rent tracking systems in cities across the state to find best practices.

With respect to tracking evictions, and as discussed more fully below in the Right to Counsel section, the work group found no comprehensive data on evictions in the County's cities or unincorporated areas. The work group found that jurisdictions seeking to track evictions generally require either completion of a notice form created by the jurisdiction for every eviction initiated or a copy of the summons and complaint for an unlawful detainer (eviction lawsuit) be submitted to the jurisdiction. Furthermore, some processes require a copy of all notices of terminations of tenancy be sent to the jurisdiction, to help capture terminations that do not use a court process.

Based on this research, the work group concluded that evictions can be effectively tracked during the Interim Rent Stabilization Ordinance period by requiring landlords to deliver a copy of any notices of termination of tenancy served on tenants to DCBA, which will then track that information, including the reasons for the eviction and any geographic trends, among other things. This Interim Rent Stabilization Ordinance reflects this requirement.

With respect to tracking rental increase data in jurisdictions with rent stabilization, the work group found that rental registration systems were the most commonly used tool. All programs reviewed required annual registration and a per unit registration fee. While content collected varied, most collected information about the owner, the property, and each unit, including current rent, date of last increase, utilities paid by the landlord, and amenities provided. Some required more in-depth details such as the reason the last tenant vacated or the type of property owner, if not an individual. Based on these findings, should your Board adopt a permanent rent stabilization ordinance, the work group recommends the County create an online rental registry that tracks necessary property, ownership, and unit information. In addition to tracking rents, such a system could identify specific buildings or pockets of naturally occurring affordable housing, and more generally provide the Board a broader understanding of the existing rental housing stock.

Conflict Resolution for Tenant-Landlord Disputes

The work group researched several dispute resolution programs in California, including Culver City and DCBA's Dispute Resolution Program. Culver City is a much smaller jurisdiction and the City's program is more limited in scope, solely mediating rent increases and completing roughly five mediations per quarter. The work group

recommends utilizing DCBA's existing Dispute Resolution Program as a framework for mediating landlord-tenant issues under the Interim Rent Stabilization Ordinance program. DCBA's Dispute Resolution Program averaged 300 mediations per month in the 2016/17 fiscal year and mediates disputes for residents, nonresidents, and businesses, as long as one of the participants is in Los Angeles County.

The Dispute Resolution Program, which handles disputes between landlords and tenants, strives to provide services by utilizing a variety of methods. There are four types of mediation provided by the department: telephone conciliation, face-to-face mediation, telephone conference, and online dispute resolution; and each of these can be utilized in issues relating to rental disputes. This program, with the addition of specifically designated mediators, will continue to be leveraged to act as an impartial mediator for these parties after the implementation of this Interim Rent Stabilization Ordinance. Although dispute resolution is voluntary, DCBA will encourage all parties with grievances relating to the rental market to utilize this timely, fair, and cost-free approach whenever possible, before filing a petition for a hearing.

Right to Legal Counsel Services Program

To consider the feasibility of exploring and pursuing a right to legal counsel services program for low-income tenants facing eviction, the Interim Rent Stabilization Ordinance work group researched existing programs, consulted with the City of Los Angeles, which is currently exploring a right to counsel program, gathered eviction data for unincorporated Los Angeles County, and spoke with eviction defense legal service providers from the Shriver Housing Project.

There are only two cities in the country that currently ensure access to legal services for anyone facing eviction in court. New York City Council passed an ordinance in August 2017 that, after a five-year phase-in, would provide attorneys for all tenants at or below 200 percent of the poverty line that face an eviction in housing court. There is currently a motion to increase that threshold to 400 percent. Anyone above 200 percent of the poverty line has the right to free legal advice from an attorney. The program has a current budget of \$77 million, including the \$62 million already used to fund legal services for tenants facing eviction and \$15 million added to expand services under the right to counsel program, and the total is expected to increase to \$155 million after the five-year phase-in. Funding is distributed to existing non-profits who provide legal services. The City estimates that up to 400,000 tenants are currently eligible for the program. With New York's City's increased efforts to fund eviction defense culminating with this program, the City has seen a 24 percent decrease in the number of evictions since 2014 and a 10 percent decrease in the number of evictions filed.

On June 5, 2018, voters in San Francisco passed Proposition F, making San Francisco the second City to guarantee a right to counsel for all tenants. The measure requires the City to establish, fund, and run a program to provide legal services for all residential tenants in the City who face an eviction. The City has twelve months from June 5, 2018 to implement the program. The San Francisco Controller estimates that the program would increase the city's current spending on eviction-related full legal representation

and other related services by \$4.2 to \$5.6 million depending on utilization of the program by the approximately 3,500 tenants that are annually eligible. The City is currently determining how to fund and structure the program.

Finally, on August 17, 2018, the City of Los Angeles directed staff to develop recommendations to provide a more limited scope right to counsel program, focusing on low-income tenants.

Based on the work group's research and consultation with the City of Los Angeles, the work group identified five key issues that need to be further explored to understand the feasibility of a right to counsel program: 1) the scope of the program, including any income threshold, 2) the number of eligible tenants under that scope, 3) the program structure to implement services, 4) potential resources to fund the program, and 5) potential partnerships for implementation. The greatest challenge is finding the data to understand the number of eligible tenants, regardless of the desired income threshold. The work group found that on average from 2014 to 2016, there were 54,239 evictions in Los Angeles County. However, after substantial research including speaking with legal service providers from the Shriver Housing Project, developers of the Anti-Eviction Mapping Project, and staff from the Los Angeles Superior Court, they could not find disaggregated data to determine how many evictions were in unincorporated Los Angeles County, the income levels of those facing eviction, or the reasons for eviction.

Accordingly, DCBA will continue to search for disaggregated eviction data, and begin collecting data through implementation of the Interim Rent Stabilization Ordinance. CDC will continue conversations with the City of Los Angeles to explore the possibility of a new joint program or a program similar to the Los Angeles Justice Fund, where the County partners with the City of Los Angeles, and private stakeholders to fund the program, which will ultimately provide legal representation to Los Angeles County residents who are at risk of removal in immigration cases and cannot afford an attorney.

Finally, there are several non-profits that provide legal representation for low-income tenants facing eviction in the County, including members of the Shriver Housing Project: Inner City Law Center, The Legal Aid Foundation of Los Angeles, Public Counsel, and Neighborhood Legal Services. This collaborative aims to serve 12,000 households across the County annually. For immediate impact, the work group recommends the County consider what funds might be available to support expansion of an existing eviction defense program to increase access to legal services for low-income tenants facing eviction in the County.

FISCAL IMPACT/FINANCING

As the program matures, and with the expectation that a permanent ordinance is adopted, DCBA expects fees to fully-offset all operating expenses. In the interim period, DCBA will work with CEO to finalize an appropriate staffing model and bridge-funding for a rent stabilization unit, including costs for a case management system, web development, lease space, marketing, and general operating expenses. This will allow recommendations to be made within the context of the overall budget and numerous

competing funding priorities and requests. Other miscellaneous costs, such as those for the creation of a rental registry and eviction tracking database, a systematic code enforcement program, and community-based education and outreach activities have yet to be determined. Options are currently being explored.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Interim Rent Stabilization Ordinance shall not apply to any dwelling units expressly exempt pursuant to any provision of state or federal law, including units with a certificate of occupancy issued after February 1, 1995, condos, and single family homes.

The Interim Rent Stabilization Ordinance

This is an Interim Rent Stabilization Ordinance, which temporarily imposes a moratorium limiting any rent increase related to rental units for a period of one hundred eighty (180) days on residential rental properties located in the unincorporated areas of Los Angeles County. Unless expressly exempt under state or federal law, no residential rental property owner in the unincorporated areas of Los Angeles County may request or receive a rent increase in excess of three percent (3%) per year, while it is in effect. Additionally, a residential property owner may only evict a tenant for non-payment of rent, breach of material lease terms, causing or permitting a nuisance, using the residence for an unlawful purpose, owner move-ins, or withdrawing property from the rental market pursuant to the Ellis Act.

The Interim Rent Stabilization Ordinance establishes rent levels as they existed on September 11, 2018, as base rents for the purposes of determining a fair and reasonable return. Additionally, it defines small property owners as a person or entity with common ownership of 50 rental units or fewer within the County and allows small property owners to pass-through Measure W parcel tax costs, should it be implemented. Measure W is L.A. County's Safe Clean Water Program that would help unify efforts and maximize resources to support safe, clean local water resources for all county residents. If passed, Measure W would place a parcel tax on private property in the County's Flood Control District to implement necessary storm water capture projects.

Furthermore, it authorizes the Director of DCBA (Director) to administer and enforce the Interim Rent Stabilization Ordinance and allows tenants and landlords to seek relief before a hearing officer. A landlord may file a Petition for Relief if the landlord contends that the limitations on rent increases will prevent the landlord from receiving less than a fair and reasonable return. A tenant may file a Petition for Noncompliance if the tenant contends that a proposed or actual rent increase is not in compliance with the Interim Rent Stabilization Ordinance. Should the Board decide to approve a permanent rent stabilization ordinance, this interim administrative structure will form the basis for a future tenant protection programs.

The County, at its sole discretion, may choose to enforce provisions of this Interim Rent Stabilization Ordinance through administrative fines or other administrative procedures set forth in Chapter 1.25 of the County Code. Each violation may be subject to an

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administrative fine of up to \$1,000. The County's decision to pursue or not pursue enforcement of any kind shall not affect an individual's right to pursue civil remedies.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of this Interim Rent Stabilization Ordinance will address the threat of unreasonable rent adjustments faced by tenants and will expire on the one hundred eightieth (180th) day following its effective date, unless extended or replaced by the Board.

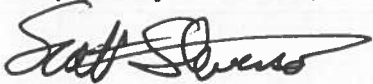
ENVIRONMENTAL DOCUMENTATION

By adoption of this Interim Rent Stabilization Ordinance, the Board finds that the adoption and implementation of this Interim Rent Stabilization Ordinance are exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15061(b)(3) in that the Board finds there is no possibility that the implementation of this Interim Rent Stabilization Ordinance may have significant effects on the environment.

CONCLUSION

Upon Board approval, please return one adopted copy of this letter to the Community Development Commission and the Department of Consumer and Business Affairs.

Respectfully submitted,



for MONIQUE KING-VIEHLAND
Executive Director
Community Development Commission



JOSEPH NICCHITTA
Director
Department of Consumer and Business Affairs

MKV: KCD
JMN: JA: MB:
DP:sl

Enclosures

COMMUNITY DEVELOPMENT COMMISSION
LEAVE OF ABSENCE
AUTHORITY DELEGATION FORM

DIVISION/UNIT: Executive Office
DELEGATING: _____
MANAGER/DIRECTOR/ASST.ED/ED: Monique King-Viehlend
AUTHORIZATION DELEGATED TO: Scott Stevenson

PERIOD OF DELEGATION: FROM: 11/2/2018 TO 11/2/2018

ACTIVITIES AUTHORIZED (PLEASE CHECK EACH DUTY TO BE AUTHORIZED):

- PURCHASE REQUISITIONS
- INVOICES
- TIME CARDS
- CONTRACTS/AMENDMENTS
- LEAVE OF ABSENCE APPROVALS
- CHECK REQUEST
- BOARD LETTER SIGN-OFF
- LEGAL DOCUMENTS FOR TRANSFER OF REAL PROPERTY - EXEC. OFF. ONLY

SIGNATURE OF DELEGATING:


MANAGER/DIRECTOR/ASSISTANT E.D./ EXECUTIVE DIRECTOR


DATE

SIGNATURE OF AUTHORIZED STAFF


11/1/18
DATE

(COPY OF FORM TO BE ATTACHED TO ALL DOCUMENTS SIGNED FOR ABSENT MANAGER/DIRECTOR/ED)