

MOTION BY SUPERVISORS SHEILA KUEHL AND
HILDA SOLIS

September 10, 2019

Permanent Ordinance to Limit Rent Increases and Provide Tenant Protections

On November 20, 2018, this Board adopted an Interim Rent Stabilization Ordinance (Interim Ordinance) imposing a 180-day moratorium as of December 20, 2018, on rent increases in excess of three percent (3%) per year and prohibiting evictions without just cause for rental properties in the unincorporated area of Los Angeles County, with the option to extend as necessary. Subsequently, the Board amended the Interim Ordinance to add clarifying language, expand just cause eviction protections to all rental units, except those designated as exempt, and extend the term through December 31, 2019.

The County's Department of Consumer and Business Affairs (DCBA) has been working with the Los Angeles County Development Authority (LACDA) in administering and enforcing the Interim Ordinance and has held hearings addressing petitions filed by landlords and tenants for relief and noncompliance, respectively, before a hearing officer appointed by the Director of DCBA.

MOTION

SOLIS _____

RIDLEY-THOMAS _____

KUEHL _____

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HAHN _____

Over the last ten months, the Interim Ordinance has helped protect thousands of households in the unincorporated County by prohibiting excessive rent increases and evictions without just cause. In order to promote long-term stability in the rental market, it is important to continue these efforts on a more permanent basis. Additionally, the County must require relocation benefits for tenants protected by rent stabilization and those pushed out of rent stabilized units through cash-for-keys buy-outs. The County should also investigate the feasibility of requiring relocation benefits for tenants who are economically displaced from their homes as a result of excessive rent increases in units not covered by the ordinance.

WE, THEREFORE MOVE that the Board of Supervisors, also acting as the Board of Commissioners for the Los Angeles County Development Authority, take the following actions:

1. Instruct the Executive Director of LACDA (Executive Director) and the Director of DCBA (Director), in consultation with the Chief Executive Officer (CEO) and County Counsel, to return to the Board on November 12, 2019, with a permanent rent stabilization ordinance that:
 - a. Limits annual rent increases, as allowed under state law, to reflect the change in the Consumer Price Index for the previous 12-month period (CPI) with a maximum of 8% overall and lesser permitted yearly maximums based on the CPI such that:
 - i. If CPI is 8% or higher, the annual maximum allowable rent increase will be 8%;
 - ii. If CPI is between 3% and 8%, the maximum allowable annual rent increase will be equal to CPI;
 - iii. If CPI is between 1% and 3%, the maximum allowable annual

rent increase will be equal to 3%;

iv. If CPI is between -2% and 1%, the maximum allowable annual rent increase will be equal to CPI plus 2%; and

v. If CPI is less than -2%, the maximum allowable annual rent increase will be zero;

- b. Prohibits evictions without just cause;
- c. Imposes limits on what constitutes just cause arising from an owner move-in and allows evicted tenants a right of return when no fault eviction requirements are not met;
- d. Requires that a landlord provide a tenant with reasonable relocation assistance, including monetary payments, for tenants evicted without fault or who are temporarily displaced due to maintenance, rehabilitation, or repairs on the property, and in cases of tenant buy-outs, regardless of any conflicting language in the County Code pertaining to condominium conversions or otherwise;
- e. Ensures landlords are able to receive a fair and reasonable return on their property;
- f. Allows landlords to recoup the cost of major capital repairs that are not part of regular maintenance, provided the recoupment does not result in a permanent rent increase;
- g. Allows tenants to claim a downward adjustment in rent if a landlord reduces housing services or is noncompliant with the permanent ordinance;
- h. Allows an additional 2% above CPI in annual rent increases, through December 31, 2023, for luxury market-rate units with two bedrooms or

less, in buildings of 25 units or more, where the unit had a base rent of \$4,000 per month or more on September 11, 2018, subject to review and approval by DCBA;

- i. Requires owners of any housing unit held for rent to register the unit with the County and pay any applicable fee;
 - j. Ensures that landlords and tenants receive due process in the administration of the ordinance, including the ability to appeal certain decisions to a rent review board;
 - k. Requires landlords to provide information to the County that is necessary to ensure the administration and enforcement of the rent stabilization program;
 - l. Establishes reasonable and appropriate penalties for noncompliance with the permanent ordinance;
 - m. Allows a tenant to verify unit registration information submitted by the property owner, including the rental rate and amenities provided; and
 - n. Maximizes tenant protections when the landlord leaves the rental market business under the Ellis Act.
2. Instruct the Executive Director and the Director, in consultation with the CEO and County Counsel, to report back in 120 days on the feasibility of requiring landlords to offer relocation assistance to tenants who are economically displaced from rental units not covered by the permanent rent stabilization ordinance.

3. Instruct LACDA and DCBA, in consultation with the CEO and County Counsel, to develop a Multilingual and Culturally Competent Education and Outreach Plan.
4. Instruct the CEO, in consultation with LACDA and DCBA, to identify funding for costs related to the activities described above, and authorize CEO or her designee, to execute a Funding Agreement with LACDA, as may be necessary.
5. Authorize the Executive Director of LACDA, or her designee, to execute a Funding Agreement with the County, as may be necessary, for funding for costs related to the activities described above, and accept and incorporate the funds into LACDA's Fiscal Year 2019-2020 budget and future Fiscal Year budgets.