AGN. NO.

<u>REVISED</u> MOTION BY SUPERVISORS HOLLY J. MITCHELL AND HILDA L. SOLIS September 1, 2026

<u>Implementing Commercial Tenant Protections to Prevent Small Business Displacement and Deliver on Thriving Commercial Corridors</u>

In Los Angeles County (County), small businesses are more than places of commerce. They are cultural anchors, first employers, gathering places, and one of the most reliable paths out of poverty available to working families. In communities that have endured decades of disinvestment, redlining, and displacement, a barbershop, a family restaurant, or a corner market often represents multigenerational wealth for families who have invested their life's savings. The Board of Supervisors (Board) has committed to uplifting these businesses by establishing a Commercial Acquisition Fund to help businesses buy the commercial properties they currently rent as a tool for community stabilization, in addition to an Employee Ownership Initiative to seed the conditions for employees to buy their business from retiring business owners as a way to keep businesses and jobs in the community.

When a small business is pushed out by a sudden rent increase, tenant harassment, or a redevelopment project that offers nothing to the tenants it displaces, the loss is not only economic. It impacts the social fabric, identity, and self-determination of

- MORE -

<u>MOTION</u>

MITCHELL	______________________________
HORVATH	______________________________
HAHN	______________________________
BARGER	______________________________
SOLIS	______________________________

a neighborhood.

In July 2024, the Board recognized the urgency to stabilize small businesses when it adopted the motion, *Ensuring Economic Protections for Small Businesses and Nonprofits in Los Angeles County*, directing the Department of Economic Opportunity, County Counsel, and partner departments to analyze commercial rents, develop a model lease, expand legal assistance, and identify enforceable protections for small commercial tenants.[1] During the pandemic, in light of increasing landlord harassment toward small enterprises, the Board adopted the Commercial Tenant Anti-Harassment Ordinance (Los Angeles County Code Chapter 8.45), and in 2024, the State enacted Senate Bill 1103 (Menjivar), extending baseline protections to qualified commercial tenants, including microenterprises, small restaurants, and small nonprofits. Small businesses now need the implementation of these protections and more.

The stakes are highest in the very corridors where the County is investing most deeply. Through the Second District's Corridors 2 Community initiative, the District evaluated 28 commercial corridors across the district, analyzing socioeconomic and environmental justice indicators, vulnerability to displacement, and existing community assets in an effort to make targeted interventions in areas facing the highest displacement risk. The County is investing in public spaces, small business assistance, Business Interruption Funds, and the Commercial Acquisition Fund, which completed its first acquisition at Vermont and Manchester to create a community-owned small business hub. These investments will succeed only if the legacy businesses that anchor these corridors are still standing to benefit from them. Public investment that raises property values without protections for commercial tenants invites corporate real estate speculators to purchase property in our local communities. The County cannot beautify a corridor if it does not simultaneously protect the legacy businesses that drive economic activity in that neighborhood.

Several policy solutions for tracking commercial tenancies are already in place across jurisdictions throughout the country. Santa Monica administers a regulatory

---

[1] https://file.lacounty.gov/SDSInter/bos/supdocs/193067.pdf

Residential Rental Business License, and cities including Denver and Tacoma require landlords to obtain a license as a condition of leasing property. Assembly Bill 2011 already conditions certain streamlined development approvals on notification requirements and relocation assistance for displaced commercial tenants under California Government Code Section 65912.123.

A Commercial Rental Property License program will give the County the data transparency it needs to monitor rents, identify prolonged vacancies that drain corridors of jobs and sales tax revenue, and connect property owners with prospective small business tenants. The potential for relocation assistance and land use and building permit accountability, in coordination with redevelopment projects, will ensure that landlords fulfill any relocation assistance obligations associated with outstanding judgments. Together, these measures level the playing field so that the small businesses and nonprofits that give our neighborhoods their character can invest, hire locally, and plan for the future without the constant threat of displacement. This is how we stabilize communities at risk of displacement.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Director of the Department of Consumer and Business Affairs (DCBA), in collaboration with the Treasurer and Tax Collector, Department of Economic Opportunity (DEO), Chief Executive Officer (CEO) and County Counsel, to include a proposed design for a Los Angeles County Commercial Rental Property License (CRPL) to be provided 60 days after the submission of the CEO's 90-day report in response to the June 16, 2026 motion by Supervisors Solis and Mitchell, "*Providing the Best Starting Point for* Business *Owners in Los Angeles County,*" which will include a draft model and recommendations for the Los Angeles County Business Licensing Program.[2] The CRPL should require landlords in the unincorporated areas of Los Angeles County to obtain a CRPL as a condition of leasing commercial property. The proposed CRPL program design and implementation plan should include, at

[2] https://file.lacounty.gov/SDSInter/bos/supdocs/217836.pdf

minimum, a proposed definition of Commercial Landlord; a proposed definition of Commercial Tenant for the purpose of the licensing requirements; and compliance and enforcement protocol in case of violations. The CRPL program design should also include recommendations for minimizing the pass-through of any fees onto business tenants to the extent legally feasible. The CRPL program should incorporate the feasibility of:

a) Requiring license applications to disclose all pertinent information about the unit (such as landlord information, size, tenancy or vacancy status, rent amount, lease duration, length of tenancy, years of operation, use, etc.), together with any history of judgments or administrative findings relating to violations of tenant protection, health, safety, and building codes, anti-harassment or anti-discrimination laws, and any tax delinquency. All license holders shall be required to verify the above information annually.
b) Including a record of all license information listed above, updated by CRPL licensees annually or within 30 days of a change in vacancy status. The record should be used by the maintaining County Department to, at minimum, connect commercial tenants and property owners with County resources and services, increase access to affordable commercial space, and prevent small business displacement.
c) Providing that a CRPL may be suspended following a final court determination that the landlord violated Chapter 8.45 of Title 8 of the Los Angeles County Code (Commercial Tenant Anti-Harassment Ordinance).
d) Including recommended compliance mechanisms, providing that during any period of a CRPL suspension, and to the maximum extent permitted by State law, including the Costa-Keene-Seymour Commercial Property Investment Act, the landlord shall be prohibited from increasing rent or filing a no-fault eviction until a violation is remedied or for a period of one year, whichever is longer, and structure this remedy so that suspension protects, rather than destabilizes, tenants in place. Recommendations should also include mechanisms for compliance in the case of a landlord failing to

complete the annual information verification required by the CRPL; and

e) Establishing a Special Status CRPL for landlords who commit to limiting rent increases to no more than three percent per year for ten years, with Special Status license holders being eligible to participate in County procurement preference programs, tax incentives, and other County incentives for participating commercial landlords, to the extent permissible, and with Special Status disclosed to prospective tenants.

2. Direct the Director of DEO, in collaboration with County Counsel, to prepare and return to the Board within 180 days, for introduction and adoption, an ordinance amending Chapter 8.45 of Title 8 of the Los Angeles County Code (Commercial Tenant Anti-Harassment Ordinance) to entitle any commercial tenant who relocates their business as a result of a violation of that Chapter to relocation assistance from their landlord, including: financial relocation assistance equal to the greater of three months of the tenant's gross receipts or three months of fair market rent for an equivalent location in the area, plus moving costs, along with recommendations for establishing a cap on relocation assistance.
3. Direct the Director of DEO, using existing departmental resources, to conduct a commercial rent study within 120 days, and every three years thereafter, that calculates the price per square foot for one month of fair market rent for specified regions of the County, to support administration of the relocation assistance provisions described in Directive 2, and to survey small business renters to better inform the causes of their displacement.
4. Direct County Counsel, in collaboration with the CEO, the Directors of DEO, the Department of Regional Planning, the Department of Public Works, and any other relevant departments, to report back to the Board in writing within 120 days with recommended ordinance language requiring commercial landlords to pay relocation assistance to commercial tenants displaced by redevelopment projects in the unincorporated areas. This relocation assistance shall be calculated the same way as in Directive 2. The report shall include:

a. A recommendation for how to ensure that a commercial landlord has not violated the Commercial Tenant Anti-Harassment Ordinance, and, where a landlord has unaddressed violations thereof, actions that can be taken to protect current and future tenants. County Counsel shall consider the feasibility of requiring payments directly from the landlord when a commercial tenancy ends due to demolition or change of use, verifying that payment before the County issues demolition or building permits, and any other approach that achieves the same result.; and

b. Where commercial tenants will be displaced by a proposed redevelopment project, the feasibility of a certification process similar to that required under Assembly Bill 2011 (Chapter 647, Statutes of 2022) and California Government Code Section 65912.123. This process would require an applicant to notify affected commercial tenants of the pending redevelopment application and imposition of appropriate relocation assistance to each commercial tenant who will be displaced, calculated in the same way as those who violate the Commercial Anti-Harassment Ordinance as outlined in Directive 2. The report should also determine an appropriate definition of what types of redevelopment opportunities would qualify for relocation expenses, with the intent of prioritizing small, legacy businesses.

5. Unless otherwise ordered by the Board or required by law, waive the requirements of Board Policy No. 5.100 and authorize the Directors of DCBA and DEO to prepare and execute agreements, and any amendments to existing agreements, approved as to form by County Counsel, with attorneys, consultants, non-profit organizations, or community-based organizations, to support the directives of this motion.

# # #

(CT/WG/CA)