City of Long Beach
Working Together to Serve

Memorandum

Date: April 19, 2018

To: Patrick H. West, City Manager PW

From: Tom Modica, Interim Director of Development Services TM
Richard Anthony, Deputy City Attorney RFA

For: Mayor and Members of the City Council

Subject: **Rent Control in Long Beach**

On January 12, 2018, residents of Long Beach submitted a ballot initiative that proposes to establish residential rent control and restrictions regarding how tenancies may be terminated. Neither the City Council nor City staff have any involvement with the proposed ordinance and ballot initiative process. On March 20, 2018, the City Council directed staff to evaluate the proposed ordinance, and provided a list of questions for staff to review regarding the legality and impact of the ordinance. This memorandum provides a broad overview of rent control, outlines possible effects and implications for the City, and provides preliminary answers to most of the questions presented.

What is Rent Control?

At its core, rent control is the governmental regulation of rents charged by owners of residential properties through price controls. There is significant variation on the ways governments implement rent control, ranging from establishing a ceiling on annual rent increases (often tied to a price index), to regulating the amount allowed to be charged per square foot, to imposing additional tenant protections against evictions. However, the two forms of rent control most often implemented are some variation of the following:

1. 'Hard' rent control, or 'vacancy control,' usually involves "fair rent" prices set by the government, and over time can result in the governmentally-mandated rents being significantly below market value.
2. 'Soft' rent control, or 'rent stabilization,' does not set rent prices, but rather limits the amount by which landlords can increase rents over time. There can also be de-control measures included, such as vacancy resets (where a landlord can increase the rent by any amount when a tenant moves out) and sunset clauses (such as the ordinance expiring if vacancy rates in a city reach a certain threshold).

Rent Control in Other Cities

Currently, only California, Washington DC, Maryland, New York and New Jersey have some form of rent control. There are 15 cities in California that regulate rents via rent control or rent stabilization ordinances (2016 population in parenthesis):

- Berkeley (121,240) – adopted in 1980
- Beverly Hills (34,687) – adopted in 1978

- East Palo Alto (29,684) – adopted in 1983
- Hayward (158,937) – adopted in 1983
- Los Angeles (3,976,324) – adopted in 1979
- Los Gatos (30,545) – adopted in 1980
- Mountain View (80,447) – adopted in 2016
- Oakland (420,005) – adopted in 1980
- Palm Springs (47,689) – adopted in 1980
- Richmond (109,813) – adopted in 2016
- San Francisco (870,887) – adopted in 1979
- San Jose (1,025,373) – adopted in 1979
- Santa Monica (92,478) – adopted in 1979
- Thousand Oaks (128,888) – adopted in 1980
- West Hollywood (36,698) – adopted in 1985

The Costa-Hawkins Act

Rent control regulations permitted in California were diminished significantly following the 1995 passage of the Costa-Hawkins Act (El Mallakh, 2001). The Act has two main provisions that limit rent control policies in the state:

- Single-family homes, condominiums, and any apartment building constructed after February 1995 are exempt from rent control regulations and cannot have capped rent increases. Additionally, if a city established rent control prior to 1995, any buildings built after the year the law was first enacted are exempt as well.
    - Mobile homes are the only units completely exempt from Costa-Hawkins and can have full rent control measures applied.
- Rent caps must be reset when a tenant moves out of a unit. In other words, vacancy controls (where rental increase limits remain in place regardless of turnover) are not permitted.

Recently, there has been a statewide push to overturn the Costa-Hawkins Act and provide cities greater flexibility in rent control regulations. While AB 1506, which would have repealed the Act, did not make it out of the State Assembly's Housing and Community Development Committee in January 2018, tenants' rights groups are currently collecting signatures to place an initiative on the November 2018 ballot. Additionally, the Los Angeles County Board of Supervisors has initiated a process to establish rent control measures in mobile home parks in unincorporated parts of the County.

Research on Rent Control

Historical academic publishing on the effects of rent control has been dominated by economists, who have strongly opposed rent control and characterized the theory of rent control as a price distortion that made housing markets inefficient (Arnott, 1995). Through the early 1990s, there was consensus across the ideological spectrum among economists that the concept of rent control led to worsening outcomes for cities. The latest economist

research recognizes and quantifies some benefits that rent control provides, yet still concludes that such benefits are outweighed by the policy costs, and therefore rent control is undesirable compared to other affordable housing policies (Diamond, McQuade, & Qian, 2018).

Among other social scientists the research is more mixed, especially as the relatively little data analysis that has been conducted is varied in its approach. As a result, there is significant difficulty in establishing causality around the effect of rent control on housing prices, due to the complexity and dynamic nature of housing markets. Instead, sociologists, and other interdisciplinary academics have a wider range of conclusions on the issue. In comparison with other efforts around construction, desegregation, direct subsidies, and other market regulations, rent control in these fields is a secondary policy for housing affordability (Gilderbloom & Ye, 2007).

Arguments for Rent Control

A principal argument for rent control highlights the recent research, which demonstrates how rent control provides benefits (usually measured in income pass-throughs) to tenants in rent-controlled units, and that these benefits often lead to greater housing stability for tenants to remain in place. Additionally, advocates for rent control position it as an equitable measure that seeks to balance the relationship between tenants and landlords.

Rent control proponents also point to the effects of rent decontrol as indicative of the costs of inaction. Research in Cambridge and Boston, Massachusetts found that rental prices rose while vacancy rates and neighborhood income diversity plummeted after statewide regulations led to the end of rent control in both cities (Autor, Palmer, & Pathak, 2012) (Blumgart, 2015). Advocates also assert that rent control has an extremely low cost to cities that implement the program compared to construction costs for income-restricted affordable housing. While the cost to build new affordable housing is often upwards of $400,000 per unit, the total annual costs to operate rent control in California cities is between $1 million and $5 million, and cities may make the policy cost-neutral to administer by imposing a program fee on all rental properties. Finally, advocates argue that supply-focused solutions are time-intensive and offer little relief to tenants who are already facing high rental increases. While it can take decades before the housing supply is increased enough that rents stabilize for non-luxury units (through a process known as filtering), proponents argue that rent control offers an immediate solution and stability for renters who are in danger of being priced out of the market entirely (Zuk & Chapple, 2016).

Arguments Against Rent Control

One of the most common criticisms levied at rent control are that it leads to deteriorated housing conditions via disinvestment from landlords who stop maintaining their properties. Opponents argue that landlords and property managers will no longer have an incentive to improve their properties if they face limits on rental increases, and as time passes they will not be able to afford basic maintenance costs. Additionally, opponents argue rent control reduces the housing supply; as evidence for the latter, in San Francisco, rent control led to

landlords converting rental units to for-sale properties (Diamond et al., 2018). As landlords seek to circumvent rent control regulations by exiting the rental market, a decreased housing stock will drive up rental prices in non-controlled units. Opponents of rent control also highlight how rent control is not means-tested; that is, the benefits are not assigned solely to low-income tenants or those with the greatest need, but are arbitrarily based on tenure. Instead, many opponents argue that existing programs, which are specifically targeted at low-income renters, such as Section 8 vouchers, should be expanded.

Furthermore, opponents contend that the benefit provided to tenants in controlled units is outweighed by the cost to landlords and to all other tenants (i.e. tenants in decontrolled units and future tenants looking to enter the housing market) (Diamond et al., 2018). Many opponents also point to research that shows rent control reduces tenant mobility and natural housing turnover, as renters in controlled units have an incentive to remain in place (Diamond, McQuade, & Qian, 2018). Advocates argue this leads to secondary rental markets and misallocated housing units that are not used optimally (W., Jackson, & Saba, 1994). Finally, opponents assert that rent control stifles new housing construction, as developers may assume that their future returns on property investments will be capped by expansions to rent control policies.

Affordable Housing in Long Beach

In May 2017, the City Council adopted 29 affordable housing recommendations from a City-led study group. Among the recommendations were efforts to preserve and expand the affordable housing stock in the City, develop incentives and partnerships in coordination with other entities, and foster a regulatory environment that promotes new housing development and streamlined City procedures. Most notably, the City adopted 16 new initiatives for the development and implementation of affordable housing. Staff has also initiated the process to craft an inclusionary housing policy, which is expected to be considered by the Council by the end of 2018. Additionally, staff is exploring new funding sources for affordable housing including, but not limited to, a local bond measure to capitalize the Housing Trust Fund Ordinance, a local document recording fee to fund affordable housing, and dedicated City resources allocated during the annual budget process.

Renter Protections

The City of Long Beach is also in the process of compiling policies and best practices to support tenants, preserve affordable housing, develop or expand rental assistance programs, maintain a livable housing stock, and provide pathways to homeownership in the City. The City Council, on January 16, 2018, asked staff to begin research and return to the City Council with recommendations for additional renter protections that Long Beach could implement. Staff has reached out to over 100 California cities in its research efforts, and will begin stakeholder workshops coordinated across City departments in May 2018.

Moving forward, the City must weigh options for tenant protections and affordable housing within the current context of local, state, and federal government austerity around housing

programs. Additionally, the City's Proactive Rental Housing Inspection Program (PRHIP) and other policies already in place provide a regulatory framework that prevents rental units from degrading into slums. The PRHIP program, which is implemented by Code Enforcement staff, was adopted by the City Council in June 2015, to preserve the stock of decent, sanitary, and safe rental housing units within the City. Program staff conduct pro-active rotating inspections for residential rental properties consisting of four (4) or more dwelling units. There are approximately 75,000 rental units under the program's purview. Since the program's establishment, over 10,000 units have been inspected, which has resulted in violations being identified and addressed at thousands of existing rental units.

Proposed Ordinance Considerations

The proposed voter-initiated rent control ordinance (Proposed Ordinance) would establish and set a maximum allowable rent on rent-controlled residential units in Long Beach. The Proposed Ordinance would set maximum allowable annual rental increases for all residential units, except for certain exempt units. No more than one rent increase per 12-month period could be imposed and the Proposed Ordinance contains conditions under which rent increases are not permitted. A landlord or tenant may file a petition with a newly-created Rental Housing Board seeking a rent adjustment either upward or downward. All landlords would be required to pay an annual rental housing fee to cover the program costs of the Proposed Ordinance.

The Proposed Ordinance would also establish "just cause for eviction" requirements in Long Beach that would be enforced and administered by the Rental Housing Board. Long Beach does not currently have limits on residential rents, local restrictions on tenancy terminations, or a Rental Housing Board. The proponents of the Proposed Ordinance are currently in the process of gathering signatures to place the initiative on either the November 2018 ballot or the November 2020 ballot.

Potential Conflicts with City Charter

It is important to note that there are several provisions of the Proposed Ordinance which, if passed, would likely trigger an immediate legal challenge. Most importantly, the establishment of the Rental Housing Board, and the breadth of powers granted to it, are inconsistent with (and likely violate) provisions of the City Charter. Lengthy and potentially costly legal actions would be necessary to address such inconsistencies.

Staff was directed on March 20, 2018, to respond to specific questions that Council had on the Proposed Ordinance. The initial responses from staff to most of the questions are attached. Several questions were not answered due to (i) the breadth or repetitiveness of such questions, (ii) the fact that such questions regard potential City legal liability which should be discussed in closed session, and/or (iii) the fact that such questions inquire about the intent of the authors of the Proposed Ordinance. As previously stated, City staff played no role whatsoever in preparation of the Proposed Ordinance. Given additional time and resources, staff can pursue responses to some of the remaining questions, or work with outside experts to provide additional information on specific issues regarding the Proposed

Ordinance. There would be additional cost in terms of City staff time and outside legal expertise needed to continue this research. While an exact dollar amount has not been determined, staff roughly estimate that funds in excess of $30,000 would be needed for outside counsel, consultant expertise, and staff time. Staff recommend that before the City Council takes this next step and commits to additional research, that the City wait to determine whether the proposed voter-initiated measure can generate the necessary signatures to be placed on the ballot.

For more information on Rent Control and Just Cause Eviction policies, please contact Alejandro Sanchez-Lopez, Management Assistant, at (562) 570-6553 or Alejandro.Sanchez-Lopez@longbeach.gov

ATTACHMENT A: STAFF RESPONSE TO COUNCIL QUESTIONS

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ATTACHMENT A: STAFF RESPONSE TO COUNCIL QUESTIONS		
Section	Question	Response
General Questions	1. Is the text of this Proposed Ordinance a matter of public record?	Yes, the entirety of the Proposed Ordinance and Summary Language are publicly available at the City of Long Beach's City Clerk website, hosted here: http://www.longbeach.gov/cityclerk/elections/petitions/
General Questions	2. Does this Proposed Ordinance comply with the Costa-Hawkins Act?	Probably. The Costa-Hawkins Act, among other things, gives owners of residential rental units the right to set the initial and subsequent rental rates under certain conditions. Those rights are not explicitly provided for in the Proposed Ordinance, but Section 4(b)(1) explicitly exempts units which are subject to the Costa-Hawkins Act.
General Questions	3. Does this Proposed Ordinance comply with all existing municipal, state and federal statutes and regulations, and judicial decisions? Please provide citations.	No. Please see above for our opinion regarding compliance with applicable State rent control law. We have not undertaken a broad review of Federal and State (non-Costa-Hawkins) law which might also be violated by the Proposed Ordinance, but we have no reason to believe that the Proposed Ordinance would violate such laws. To the extent it does violate any laws (Federal or State), the Proposed Ordinance does include a severability clause which would prohibit application of provisions of the Ordinance which are held invalid, while keeping in effect those provisions which are not successfully challenged.
General Questions	4. How does this Propose Ordinance deliver on the promise, expressed in the title, to protect homeowners?	Unclear. The Proposed Ordinance does not afford homeowners any additional rights to rent their homes and/or rooms therein than such homeowners already have without the Ordinance.

General Questions	5. Should the retroactive provisions of this Proposed Ordinance immediately decrease property values and create specific damages for property owners, under which municipal, state or federal laws, or judicial decisions can Owners recover damages from the City of Long Beach or from Housing Long Beach? Please provide citations. What arguments would the City of Long Beach offer in its defense if Owners were to file inverse condemnation complaints, either individually or collectively? (See Section 12(C)(b)(3)(A»	It is reasonable to assume that the City may face legal challenges from private entities / residential real property owners if the Proposed Ordinance passes. It would be inappropriate to publicly discuss the City's legal strategies in defending itself against such potential lawsuits.
General Questions	6. What is the first year in which a property can fall under the new ordinance?	Technically the first date on which a property may be subject to the Proposed Ordinance is the date on which the Ordinance becomes effective. However, the Proposed Ordinance retroactively applies to tenancies in existence as of January 1, 2017.
General Questions	7. Will the Proposed Ordinance force property owners to reverse rent increases that went into effect after January 1, 2017?	Yes. Section 7(a) of the Proposed Ordinance states that no Landlord shall charge more than the Base Rent + any lawful rent increases allowed by the Ordinance. Once the Proposed Ordinance is effective, rents may not exceed those rents in effect as of January 1, 2017, until such time as a Annual General Adjustment is effective, which pursuant to Section 8(a)(3) of the Proposed Ordinance, will not occur until September 1, 2019.
General Questions	8. Would the new law prevent a landlord from issuing a 60-day notice to vacate? When would the Proposed Ordinance affect the ability to issue a 60-day Notice to Vacate? Would landlords have to serve notice prior to September 1, 2018, or could they be issued up until November 1, 2018?	Yes. The Proposed Ordinance only allows notices to vacate to be effective in accordance with Section 6. The Proposed Ordinance would prevent 60-day notices from being issued on and after the effective date of the Proposed Ordinance. It is unclear whether Landlords could issue 60-day notices the day prior to the effectiveness of the Proposed Ordinance or whether such notices would need to have been issued 61 days prior to effectiveness.

General Questions	9. Will the Proposed Ordinance nullify existing leases and prematurely end contracts mutually agreed upon by landlord and tenant? If tenants who resided in a unit prior to 2017 choose to sign a new lease under a new rent-control enforced rental amount, does the prior or existing lease become null and void?	The Proposed Ordinance does not nullify existing leases. If a tenant and landlord voluntarily sign a new lease for the same unit then, yes, the new lease between the parties is presumed to render the existing lease null and void.
General Questions	10. Will this Proposed Ordinance result in new taxes or fees to support the additional workload for City Staff?	Yes, the Proposed Ordinance includes stipulations to charge Landlords annual registration fees to cover the expenses of the Rent Board and other program costs. Among the Powers and Duties of the Rental Housing Board listed in Section 11(b)(8) includes "Establish a budget for the reasonable and necessary implementation of the provisions of this Ordinance, including without limitation the hiring of necessary staff, and charge fees as set forth herein in an amount sufficient to support that budget. The budget may include expenditures to advance the policies herein."
General Questions	11. Can you give us a detailed description of how the city plans on enforcing this proposed new ordinance? Will the enforcement be done by a 3rd party or the City Attorney's/City Prosecutor's office?	Uncertain. The City does not yet have a comprehensive enforcement plan, however, it is likely that enforcement would be administered by City staff working with the Rental Housing Board and the City Attorney's Office.
General Questions	12. Please clarify the dates as it relates to the petition stamped on January 12, 2018: a. Assuming that the rent rollbacks will only apply to tenants that are in place prior to the signed date of the petition, meaning if a landlord evicts or has a vacancy any time after the stamped date, they will not be subject to a rollback if they fill the vacant unit with a new tenant at "market rent". Is that true?	The date stamp on the petition does not have any substantive effect on the applicability of the Proposed Ordinance. In our opinion no one should assume that rent rollbacks only apply to tenants in place as of the date of the petition date stamp.

General Questions	13. Will all landlords be charged annual registration fees? Including those who own exempt units? Is this a blanket tax increase on a specific profession?	Yes. Section 11(j)(1) states that "all Landlords shall pay a Rental Housing Fee on an annual basis". "Landlord" is defined as all persons entitled to receive rent for the use and occupancy of any rental unit, regardless of whether such units are exempt.
General Questions	14. Written notice to Cease tenant violations must provide tenant a reasonable period of time to cure the violation. However, the term 'reasonable' is undefined in the text. Without a clear definition, can't this term be defined on an inconsistent, case-by-case basis? Can it be easily abused without any sort of standards in place? Who decides the reasons for denial of a replacement tenant?	Pursuant to Section 11(d)(2) of the Proposed Ordinance, the Rental Housing Board has the power to establish rules and regulations regarding the administration and enforcement of the Ordinance. Presumably those rules and regulations could provide some clarity on what constitutes "reasonableness".
General Questions	15. Are there any owner protections if a tenant refuses to execute a new lease? If the tenant refuses, and owners begin eviction - a costly process that includes attorney fees - and the tenant changes his or her mind midway through the lengthy eviction, do owners have any ability to recover expenses?	Section 6(a)(5) of the Proposed Ordinance allows a landlord to pursue an eviction action against a tenant who refuses to execute a new lease. The Proposed Ordinance does not give owners the ability to recover expenses if an eviction process is begun but does not result in an eviction order by the Court.
Section 3:	*(b)(1) Base Rent.*	
Section 3: Definitions	Does this requirement, which will be applied retroactively, comply with existing law? Can you assure property owners that this provision does not create a requirement that forces them to break the law? Please provide citations and categorize into those indicating compliance and those indicating noncompliance. Is the "effective date of this Chapter" 01/18/2018 or 11/06/2018 (Election Day)?	It is unclear whether establishing Base Rents based on rents in place on a specific date in the past (which may result in a reduction in rents on a go-forward basis) violates Costa-Hawkins and/or any other applicable Federal or State law. We would expect the issue to be litigated and do not have an opinion on the likely outcome. The City cannot at this time assure property owners that the proposed ordinance would not conflict with State law. The effective date of the proposed ordinance would be after passage of the ordinance.
Section 3: Definitions	*(h) Fair Return.*	
Section 3: Definitions	This calculation doesn't take into account all expenses.	Staff recognizes there may be additional Landlord expenses not listed in the Proposed Ordinance.

Section 3: Definitions	*(j) Housing Services.*	
Section 3: Definitions	Are they included in the rent adjustment or are they stand alone and pass through as presented?	Staff's interpretation of Housing Services as defined in Section 3 is that these costs are included in the base rent decided upon in a rental agreement, and are passed through to tenants. Section 12 of the Proposed Ordinance indicates the process through which a Rental Adjustment can occur, including a change in the cost of Housing Services.
Section 3: Definitions	*(o) Primary Residence.*	
Section 3: Definitions	What prevents any tenant from "hanging on" to a belowmarket unit and also occupying another unit elsewhere? Are there any protections in this provision to actually prevent the law from being abused and decreasing housing stock? How does this provision meet the People's declaration of Finding 2(a)?	Staff recognizes there is historical evidence of tenants occupying multiple units and engaging in subleasing activities in rental markets with rent control, effectively creating a secondary rental market. It is staff's reading of the Proposed Ordinance that the factors indicating a Primary Residence in Section 3(o) are not exclusionary ("Factors that are indicative of Primary Residence include but are not limited to..."), and allow for additional considerations to be taken by the Rental Housing Board and other regulatory bodies.
Section 4:	*(a) (4) -*	
Section 4: Exemptions	Are units or buildings with Section 8 Housing Vouchers exempt from Rent Control?	Yes, all units that are already regulated under the Long Beach Housing Authority, including those that have Section 8 voucher agreements, are exempt from the entirety of the Proposed Ordinance, and will solely fall under the Housing Authority's local jurisdiction.
Section 4: Exemptions	*(b)(1)*	

Section 4: Exemptions	[Do not understand; need to read CCCP 1954.52.] (Please clarify).	Staff's reading of this section indicates that those housing units that are exempt from rent control regulations in California under the Costa-Hawkins Act (such as single-family homes) are not exempt from Sections 6 (Just Cause for Eviction Protection) and Section 10 (Tenant Buyout Notification Program) of the Proposed Ordinance. Per CCCP 1954.52 (C)(iii)(c) "Nothing in this section shall be construed to affect the authority of a public entity that may otherwise exist to regulate or monitor the basis for eviction."
Section 4: Exemptions	Is it true that single-family dwellings, condominiums, and new construction are exempt from rent control under Costa-Hawkins? If so, does Costa-Hawkins supersede the proposed rent control ordinance, leaving those types of properties exempt from rent control?	This is correct on both counts. The aforementioned Section defers to the Costa Hawkins Rental Housing Act on unit exemptions for rent control, in keeping with existing Rent Control ordinances in California. Costa-Hawkins supersedes the Proposed Ordinance, until such time as Costa-Hawkins is repealed and/or significantly amended.
Section 4: Exemptions	Are properties exempted under Costa-Hawkins subject to the Just Cause Eviction Protection and Tenant 8uyout Notification Program?	Yes. Please see staff's prior response regarding CCCP 1954.52 (C) (iii)(c).
Section 5:	*(b) –*	
Section 5: Additional Homeowner Protections	Could we change all of our rentals to be roommates to be unregulated?	Staff does not consider this to be a likely occurrence, as it would require shared bathrooms and/or kitchens between tenants and the homeowner, as well as residency by the homeowner within the same unit. Instead, Section 5(b) is most likely aimed to allow an exemption for those homeowners who rent out part of their residence (usually single bedrooms) to tenants as a supplement to the primary use of the unit.
Section 5: Additional Homeowner Protections	*(c) Second Units Unregulated.*	

Section 5: Additional Homeowner Protections	Does this paragraph mean that granny flats are exempts if Granny occupies it and her child's family lives in the main house? If this section is the "Homeowner Protection" claimed in the Proposed Ordinance's title, this type of housing is actually a type of duplex. Under which municipal, state or federal statutes or regulations is the Proposed Ordinance empowered to distinguish regulation of this type of multi-family housing over other types of multi-family housing, such as two-on-one or apartment-style duplexes, or triplexes, or fourplexes? Please provide citations	If a grandparent lives in an ADU, and the owner of the entire property occupies the larger single-family unit on the same property with the ADU, then the ADU is exempt from the application of the Proposed Ordinance. We do not have any reason to believe that Section 5(c) violates the provisions of any applicable law.
Section 6: Just	*(a)(1) Failure to Pay Rent.*	
Section 6: Just Cause for Eviction	Question 1: Under which municipal, state or federal statutes or regulations, or judicial decisions, might a Tenant's failure to pay his or her portion of the Rental Housing Fee not constitute a breach of contract and cause for eviction? Please provide citations.	As the question supposes, Section 6(a)(1) of the Proposed Ordinance specifically states that failure by a tenant to pay money (i.e., the Rental Housing Fee) that it legally owes the landlord is not a valid reason to pursue eviction. Presumably repeated failures to pay the Rental Housing Fee could be grounds for eviction under Section 6(a)(2) if the obligation to pay such fee is clearly stated in the terms of the lease. Otherwise, the Proposed Ordinance does not seem to give Landlords a remedy for failure to pay the passed-through Rental Housing Fee, other than seeking civil damages in small claims court.
Section 6: Just Cause for Eviction	*(a)(2)(8) ref. "The Landlord ... has the right to approve or disapprove the prospective additional or replacement Tenant, who is not a minor dependent child, provided that the approval is not unreasonably withheld."*	
Section 6: Just Cause for Eviction	Question 1: Does this mean that a Housing Provider needs to provide a reason for disapproving, or does this mean that the Housing Provider needs to provide a response in a timely manner?	Staff interprets this to mean that a Housing Provider needs to provide a reason for its disapproval.

Section 6: Just Cause for Eviction	Question 2: If Housing Provider needs to provide a reason for disapproving, can the Housing Provider conform to this provision of the Proposed Ordinance by complying with existing applicable rules regarding approval of occupancy? Please provide citations.	It is unclear whether a Landlord can disapprove of a replacement or additional tenant on the same grounds as it disapproves a tenant's initial application. Presumably the Rental Housing Board could adopt rules and regulations providing clarity, or clarity could be achieved through litigation on this issue.
Section 6: Just Cause for Eviction	Question 3: Does the Rent Board have authority to create its own rules regarding Housing Provider's authority to approve occupancy? Please provide citations.	Yes. Providing guidance on what constitutes reasonable grounds for disapproval of a replacement or additional tenant would, in our opinion, be within the powers granted the Rental Housing Board by Section 11(d)(2) of the Proposed Ordinance.
Section 6: Just Cause for Eviction	Question 4: Which municipal, state or federal statutes or regulations, or judicial decisions would provide limitations on the Rent Board's authority in this matter? Please provide citations.	This is an extremely broad question and very difficult to answer. The Proposed Ordinance itself, the City Charter, the Costa-Hawkins Act, the California Constitution, the United States Constitution, and all bodies of caselaw interpreting the application of those statutes to the operation of government bodies would all provide limitations on the Rental Housing Board's authority. The exact extent of such limitations would likely be established by Court rulings following litigation.
Section 6: Just Cause for Eviction	*(a)(3) ref. "A violent crime under this subsection shall not include a crime that is committed against a person residing in the same Rental Unit as the person committing the crime."*	
Section 6: Just Cause for Eviction	Question 1: Why would this be exempted as a type of Nuisance which constitutes Breach of Lease, which is a Just Cause for Eviction?	City staff had no input on the preparation of the Proposed Ordinance and does not know the authors' intentions. That said, presumably this exception is meant to protect victims of domestic violence from eviction.
Section 6: Just Cause for Eviction	Question 2: Are Tenants within the same Rental Unit to be allowed to commit violent crimes against each other and legally continue their occupancy? Why does the ordinance specifically prohibit landlords from evicting certain violent criminals?	Yes. See answer above.

Section 6: Just Cause for Eviction	Question 3: Under which municipal, state or federal statutes or regulations, or judicial decisions, could the Proposed Ordinance prevent a Housing Provider from evicting a Tenant who committed a violent crime against another Tenant within the Rental Unit? Please provide citations.	
Section 6: Just Cause for Eviction	*(a)(3) ref. "Immediate family means any spouse, whether by marriage or not. .. "*	
Section 6: Just Cause for Eviction	Please clarify. How can a spouse exist without marriage?	Staff does not know what the authors intend by this statement.
Section 6: Just Cause for Eviction	*(a)(4) Illegal Purpose.*	
Section 6: Just Cause for Eviction	Please provide citations proving this section complies with federal law. If it does not comply with federal law, which law are landlords supposed to break?	
Section 6: Just Cause for Eviction	*(a)(6) Failure to Give Access. Ref. "The notice shall inform the Tenant that if they are unable to comply based on a disability-related reason, they have the right to request a reasonable adjustment or change in the Landlord's policies or practices to accommodate the Tenant's disability."*	
Section 6: Just Cause for Eviction	Presumably, the Housing Provider would already know about a disability at the start of occupancy. This provision appears to provide Tenant with an opportunity to declare a new, or previously undisclosed disability as a means to impede Housing Provider's reasonable request for access.	Staff does not consider Section 6(a)(6) to cover new, undisclosed and non-medically diagnosed disabilities. This section is interpreted to ensure compliance with the Americans with Disabilities Act (ADA) and Fair Housing Act by providing reasonable accommodations to all tenants with disabilities.

Section 6: Just Cause for Eviction	Question 1: How shall the Proposed Ordinance provide limitations on the Rent Board's authority so that it does not enact a new class or classes of disability types?	Staff does not foresee new disability types being created under the Proposed Ordinance, but the Ordinance itself does not limit the Rental Housing Board's authority to establish new classes of disability.
Section 6: Just Cause for Eviction	Question 2: Which municipal, state or federal statutes or regulations, or judicial decisions would empower or limit the Rent Board's authority to enact a new class or classes of disability types? Please provide and categorize citations both granting and circumscribing such authority.	The California Constitution, the Federal Fair Housing Act and the U.S. Constitution would limit the Rental Housing Board's ability to declare new protected classes of citizens. The exact extent of such limitations would likely be established by Court rulings following litigation.
Section 6: Just Cause for Eviction	*(a)(8)(D) ref. "The Rent Board may adopt regulations governing the determination of good faith."*	
Section 6: Just Cause for Eviction	Question 1: How shall the Proposed Ordinance provide limitations on the Rent Board's authority so that it does not enact an unreasonably narrow definition of good faith, or enacts a definition unreasonably favorable to Tenants?	Staff interprets this section to ensure that there is compliance from both parties (Landlord and tenant) when a Landlord seeks to move into an occupied unit. The Rental Housing Board's authority to enact such definitions would be limited by generally applicable statutes and caselaw. The exact extent of such limitations would likely be established by Court rulings following litigation.
Section 6: Just Cause for Eviction	Question 2: Which municipal, state or federal statutes or regulations, or judicial decisions would empower or limit the Rent Board's authority to enact one or more definitions of good faith? Please provide and categorize citations both granting and circumscribing such authority.	
Section 6: Just Cause for Eviction	*(a)(9) Necessary and Substantial Repairs Requiring Temporary Vacancy.*	

Section 6: Just Cause for Eviction	Why does the Proposed Ordinance provide a relocation subsidy to a tenant who caused substantial damages to their rental unit?	Staff does not interpret this clause to refer to repairs caused by tenant activity, but rather those "that are necessary to bring the Rental Unit into compliance with applicable codes and laws affecting the health and safety of Tenants of the building...". These repairs may be identified or conducted in conjunction with the City's existing Proactive Rental Housing Inspection Program (PRHIP).
Section 6: Just Cause for Eviction	*(a)(10) Withdrawal of Unit Permanently from Rental Market. Ref. "Tenants shall be entitled to a minimum of 120-day notice or one (1) year in the case Tenants are defined as senior or Disabled."*	
Section 6: Just Cause for Eviction	Can Housing Provider commence and complete the eviction process if the Tenant, whether or not classified as senior or Disabled, fails to pay rent of breaches the Residential Housing Agreement? Please provide citations from the Proposed Ordinance, municipal, state or federal statutes or regulations or judicial decisions affecting this question.	Yes. The Proposed Ordinance allows a Landlord to evict a Tenant who fails to pay rent, provided that the Landlord follows the process described in Section 6 of the Proposed Ordinance.
Section 6: Just Cause for Eviction	*(b)(1)(C) ref. "Landlord who terminates a tenancy pursuant to Subsection (a)(8) ... shall pay Relocation Assistance ... "*	
Section 6: Just Cause for Eviction	Does the Proposed Ordinance comply with existing municipal, state and federal statutes and regulations, and judicial decisions when it requires a Housing Provider to pay Relocation Assistance to move into his or her own Property? If not, why would the City force housing providers to break the law? How are housing providers supposed to determine which law they should break?	We are not aware of statutory or caselaw which would prohibit relocation assistance payments when a tenant is moving from one unit to another unit, both of which are under common ownership.
Section 6: Just Cause for Eviction	*(j) Landlord Compliance with this Ordinance.*	

Section 6: Just Cause for Eviction	Meaning vague. Please explain.	Section 6(j) of the Proposed Ordinance requires any Landlord bringing an eviction action to specifically claim, in its written eviction complaint, compliance with the all of the applicable eviction procedures required by the Ordinance.
Section 7: Rents Stabilized	Question 1: When and how are base rents determined?	Base Rent for tenancies in effect as of the effective date of the Ordinance are established as the Base Rent in effect as of January 1, 2017. That could possibly be violative of Costa-Hawkins. For so long as Costa-Hawkins is in effect, Base Rent for new tenancies are established by the Landlord and willing tenants. If Costa-Hawkins is repealed, then the Base Rent amount could be subject to the approval of the Rental Housing Board pursuant to Section 11(d)(1) of the Proposed Ordinance.
Section 7: Rents Stabilized	Question 2: What other considerations go in to determining base rents?	The Proposed Ordinance defines base rents in Section 3(b) and Rents in general in Section 3(t).
Section 7: Rents Stabilized	Question 3: Will the Rent Board prepare a Notice that satisfies the terms of this section or does each landlord prepare his own?	Section 7(c)(1) of the Proposed Ordinance states that the notice shall be "in a form prescribed by the Rent Board". Presumably the Rental Housing Board would provide a general form.
Section 8: Rent	*(a)(1) Consumer Price Index Geographic Revision for*	
Section 8: Rent Increases Pursuant to Annual General Adjustment	In January 2018, BLS introduced a new geographic area sample for the Consumer Price Index (CPI). As part of the new sample, Los Angeles and Riverside have separate indexes. The first indexes using the new structure are published for the first time this month. Additional information on the geographic revision is available at: www.bls.gov/cpi/georevision2018.htm. Will the Los Angeles-Long Beach-Anaheim CPI-U be used for determining the rate of increase?	Yes, the Proposed Ordinance includes language around future Consumer Price Index changes: "any successor designation of that index that may later be adopted by the U.S. Bureau of Labor Statistics". Moving forward the Los Angeles-Long Beach-Anaheim CPI-U is expected to be used.

Section 8: Rent Increases Pursuant to Annual General Adjustment	*(d) Notice Required to Increase Rent or Change Other Terms of Tenancy*	
Section 8: Rent Increases Pursuant to Annual General Adjustment	Question 1: Will the Rent Board prepare a Notice that satisfies the terms of this section or does each landlord prepare his own?	The Proposed Ordinance does not offer a point of clarification on this, but it could be one of the duties of the Rental Housing Board to coordinate with City staff to draft a sample Notice for Landlords and tenants to use. This is likely to be clarified once a Rental Housing Board is established.
Section 9: Restrictions on Initial Rent for New Tenants	Question 1: When a new tenant moves in, how does the new rental rate get calculated?	
Section 9: Restrictions on Initial Rent for New Tenants	Question 2: Does the rent remain the same as the previous tenant or does the rent increase based upon the CPI guidelines?	Under the Proposed Ordinance, when there is tenant turnover in a unit the rent allowed shall be set by the Landlord, usually to reflect market rates for comparable units. Through an existing tenancy, there is one annual rent increase permitted, the limits of which are set in Section 8 of the ordinance. The maximum increase permitted is either 100% of the increase in the Consumer Price Index (CPI) or 5%, whichever is lower.
Section 9: Restrictions on Initial Rent for New Tenants	Question 3: As long as Costa-Hawkins is law, can landlords set initial rent to market rent? If this ordinance prohibits landlords from setting initial rent to market, does this violate state law?	The Costa-Hawkins Rental Housing Act supersedes the Proposed Ordinance whenever there may be a conflict between the two. Per Costa-Hawkins, vacancy decontrol of rental housing units remain permitted and initial rents may be set by the Landlord for all new and future leases.
Section 10: Tenant Buyout Notification Program	*(a), (b), (c) All 3 subsections state that documents related to a Tenant Buyout have to be in the primary language of the tenant.*	

Section 10: Tenant Buyout Notification Program	Since a certified translation of non-English documents has to be provided to the court if there is a dispute, this seems to be onerous. If the rental agreement is written in English, should not all other documents related to the tenancy also be in English?	Existing experience with Rent Control ordinances in California indicates it is in the best interest of all involved parties to maintain clear communication. Staff's interpretation of Section 10 is to ensure that both tenants and Landlords are properly informed of the Tenant Buyout process as laid out in the Proposed Ordinance.
Section 10: Tenant Buyout Notification Program	*(c)(1) and (c)(2)(C) Buyout Agreement Requirements.*	
Section 10: Tenant Buyout Notification Program	Thirty days is an extraordinarily long rescission period. Under which municipal, state or federal statutes or regulations, or judicial decisions, can the Proposed Ordinance offer a rescission period, and to offer one of such extraordinary duration? Please provide citations.	
Section 10: Tenant Buyout Notification Program	*(e) Filing Executed Disclosure Notice and Buyout Agreement)*	
Section 10: Tenant Buyout Notification Program	If Notice and Agreement are in a foreign language (per Section 1O(a-c), will the Rent Board provide a certified translator to provide an English language version of the document(s)?	The Proposed Ordinance provides the Rental Housing Board with the ability to provide a certified translator but does not obligate it to do so.
Section 11: Long Beach Rental Housing Board	*(a) Composition. Ref. "The Board will be comprised of at least three (3) Tenants and two (2) unrestricted positions. If any board position is filled by a person who represents residential rental Property owners, no more than one (1) member may be a Property manager or developer of market rate housing." (h) Voting. Ref. "The affirmative vote of.three (3) Commissioners of the Rent Board is required for a decision ... "*	

Section 11: Long Beach Rental Housing Board	Question 1: The Rent Board, Which municipal, state and federal statutes and ordinances, and judicial decisions, allow such conflict of interest in a municipal ordinance? Please provide citations.	
Section 11: Long Beach Rental Housing Board	Question 2: How can the Proposed Ordinance declare that the two unrestricted positions are, in fact, unrestricted, when the same Proposed Ordinance states "no more than one (1) member may be a Property manager or... " Further, how can the Proposed Ordinance make a claim that the two seats are "unrestricted" when the Notice of Intent to Circulate Petition states "No more than two Board members would be permitted to own or manage rental property ... "	The two "unrestricted" positions on the Rental Housing Board are in fact restricted by the Proposed Ordinance.
Section 11: Long Beach Rental Housing Board	*(d)(15) Pursue civil remedies as provided by this Ordinance in courts of appropriate jurisdiction.*	
Section 11: Long Beach Rental Housing Board	Does the Proposed Ordinance empower the Rent Board to form its own department or bureau of the City Attorney's Office? If the Proposed Ordinance does not so empower the Rent Board, under what other municipal, state or federal statutory or regulatory authority could the Rent Board be empowered to form its own department or bureau of the City Attorney's Office? Please provide citations.	The Proposed Ordinance does not empower the Rental Housing Board to form its own department within the City Attorney's Office. The Proposed Ordinance does purport to empower the Rental Housing Board to hire its own legal counsel, separate from the City Attorney's Office, which in staff's opinion would violate the existing City Charter and likely lead to litigation.
Section 11: Long Beach Rental Housing Board	*G)(1)(A) Pass-Through to Tenants. Ref." ... the pass-through must be in the form of a Rent surcharge prorated over a twelve-month period."*	

Section 11: Long Beach Rental Housing Board	Does the Proposed Ordinance enable the Housing Provider to charge interest to recover his/her interest charges to allow the Tenant to pay monthly? If not, under what other municipal, state or federal statutory or regulatory authority might the Housing Provider have recourse to recover his/her interest? Please provide citations.	The Proposed Ordinance does not allow Landlords to recover interest on Rental Housing Fee advances.
Section 11: Long Beach Rental Housing Board	Are there any city/county fees that can be passed through or considered a "rent surcharge". Also, do existing municipal, state or federal statutes or regulations enable a Housing Provider to use the Tenant's security deposit and charge interest against it? Please provide citations.	
Section 11: Long Beach Rental Housing Board	*(Financing)*	
Section 11: Long Beach Rental Housing Board	Since the Rent Board will be assessing new taxes (fees, charges), is a 2/3rds supermajority required?	It is unclear whether the imposition of fees upon Landlords would constitute a special tax under Proposition 218, thus requiring a supermajority.
Section 11: Long Beach Rental Housing Board	*(k) Integrity and Autonomy of Rent Board. Ref. "The Rent Board ... shall exercise its powers ... independent from the City Council, City Manager, and City Attorney except by request of the Rent Board."*	

Section 11: Long Beach Rental Housing Board	Doesn't this ordinance create a governing body that has defined itself as operating outside the scope of the City Attorney and limits the City Attorney's ability to do his/her job? Are there any other ordinances on the books that limit the City Attorney's ability to do his/her job? Wouldn't that limitation of power require a revision to the city charter? Under what municipal, state or federal statutes or regulations can the Proposed Ordinance limit the City Attorney's involvement solely at the discretion of the Rent Board? Please provide citations. Under what municipal, state or federal statutes or regulations can the City Attorney file complaints against the Rent Board? Please provide citations.	Yes, the Proposed Ordinance likely violates the City's Charter insofar as it allows the Rental Housing Board to seek legal counsel from other than the City Attorney's Office. No there are no other ordinances similar in that regard. Yes, in order for legal counsel to be provided by other than the City Attorney's Office Article VI of the City Charter would need to be amended.
Section 11: Long Beach Rental Housing Board	Which municipal, state or federal statutes or regulations might limit the City Attorney's powers to file complaints against the Rent Board? Please provide citations.	The City Attorney would not bring a lawsuit against the Rental Housing Board. The Rental Housing Board is a subdivision of the City, and the City Attorney is the sole legal advisor to the City (and therefore the Rental Housing Board).
Section 11: Long Beach Rental Housing Board	*(I) Board Legal Work. Ref. "The Rent Board may ... retain private attorneys ... "*	

Section 11: Long Beach Rental Housing Board	Please name firms which have aided or advised Housing Long Beach in drafting this Proposed Ordinance? Aid, advice or drafting may come in many possible forms, including formal contract on an hourly or contingency basis, consulting on an hourly or contingency basis, or any of the many possible forms of engaging legal help. What municipal, state or federal statutes or regulations obligate Housing Long Beach to disclose its legal and other advisors in navigating the petition process, drafting the Proposed Ordinance and lobbying elected officials and key members of City Staff.	The City did not draft the Proposed Ordinance and has no information regarding what aid was given to the authors.
Section 11: Long Beach Rental Housing Board	*(m) Conforming Regulations. Ref. "If any portion of this Ordinance is declared invalid or unenforceable by decision of a court ... or rendered invalid or unenforceable by state or federal legislation, the Rent Board and not the City Council shall have authority to enact replacement regulations ... "*	
Section 11: Long Beach Rental Housing Board	Do any current municipal, state or federal statutes or regulations limit this power of the Rent Board? Please provide citations.	Section 205 of the City Charter requires that all powers of the City be vested in the City Council. Section 11(m) of the Proposed Ordinance likely violates the City Charter.
Section 12:	*(b)(3)(A) Base Year.*	
Section 12: Petitions for Individual Rent Adjustment - Bases	*(b)(4) Exceptional Expenses in the Base Year.*	

Section 12: Petitions for Individual Rent Adjustment - Bases	Question 1: Under which municipal, state or federal statutes or regulations, or judicial decisions, does the Proposed Ordinance claim that parties not engaged in the activity of Housing Providers are qualified to render judgment on what constitutes Exceptional Expenses? Please provide citations.	
Section 12: Petitions for Individual Rent Adjustment - Bases	Question 2: Under which municipal, state or federal statutes or regulations, or judicial decisions, does the Proposed Ordinance claim power that the Tenant members of the Rent Board are not engaging in conflicts of interest? Please provide citations.	
Section 12: Petitions for Individual Rent Adjustment - Bases	*(b)(6)(A), (B) and (C), including all subsections.*	
Section 12: Petitions for Individual Rent Adjustment - Bases	Question 1: How will the Proposed Ordinance empower the Rent Board to obtain the expertise to understand operating expenses in its duties to render judgments on these operating expenses? Question 2: How will the Proposed Ordinance resolve the conflict of interest held by the Tenant Rent Board members, whose sole votes are the only votes required to render judgment against Housing Providers?	The Proposed Ordinance does not limit the manner in which individual Rental Housing Board members educate themselves regarding residential rental housing operating expenses and other finances, although it does not require the Board members to have any such expertise or experience.
Section 12: Petitions for Individual Rent Adjustment - Bases	Question 3: Under which municipal, state and federal statutes and regulations, and judicial decisions, can a Rent Board operate which has the explicit conflict of interest described above? Please provide citations.	

Section 13: Petitions for Individual Rent Adjustment - Procedures (a) Hearing Officer.	Question 1: What are the qualifications for a Hearing Officer?	
Section 13: Petitions for Individual Rent Adjustment - Procedures (a) Hearing Officer.	Question 2: How is the Hearing Officer compensated?	