

CITY OF INGLEWOOD

OFFICE OF MAYOR JAMES T. BUTTS, JR.



DATE:

June 11, 2019

TO:

Inglewood City Council

FROM:

Mayor James T. Butts, Jr.

SUBJECT:

Mayoral Initiative - Ordinance Amending Chapter 8 of the Inglewood Municipal Code

to Regulate Rent Increases and Just Cause Evictions for Certain Covered Residential

Units

RECOMMENDATION:

It is recommended that the City Council introduce an Ordinance amending Chapter 8 (Business, Trades, and Professions) of the Inglewood Municipal Code (IMC) to add a new Article 9 (Housing Protection Initiative) for the regulation of rent increases and just cause evictions for certain covered residential rental units.

BACKGROUND:

Rents in Los Angeles County (County) are continuing to rise; and although the City of Inglewood (City) has lower rents than comparable sized cities in the region, it is still an issue that must be addressed. The California Housing Partnership Corporation (CHPC) stated that the County needs and additional 568,255 affordable housing units to meet the current need. Moreover, the CHPC reports that housing prices in the County have grown four times faster than incomes since 2010.

The City constructed a website survey to allow internet access for residents to report rental increases in the past year. There were 23 unique submissions ranging from 2% to 140%. Two of the submissions were reduced after negotiations by the Mayor with the property owner.

Inflation-adjusted median rent in the County has also grown by nearly 25% between 2000-2012, while inflation-adjusted incomes have declined by 9%. The effect of rising rents, coupled with decreased income, has caused many households to pay more than 1/3 or more of their income on rent. The number of families who would qualify for affordable housing outnumbers the amount of available affordable housing units.

Contrary to the urban legend that new developments are the sole factor for increasing rents within the City of Inglewood, rents have been increasing regionally since 2012. The City of Inglewood has a history of supporting and providing affordable housing for Inglewood residents. This effort has spanned well over four decades and culminated in a current total affordable housing stock of 3,038 units, consisting of 2,846 rental units and 192 active loans for first time homebuyers.

Despite these tremendous efforts, the City Council was extremely cognizant that additional work was needed. Over 60% of the city's residents are renters, many of whom are faced with the uncertainty of unaffordable increases in their rents.

01-

DISCUSSION:

On March 5, 2019, the City Council adopted an Emergency Ordinance (Ordinance No. 19-07) to impose a 45-day moratorium limiting rent increases to 5% per year on certain residential properties. The City Council found that if a temporary moratorium on residential rental increases were not imposed at that time, the public health, safety and welfare of many citizens would be immediately threatened, because landlords would have an immediate incentive to increase rents to even higher levels before the City Council could implement tenant relocation assistance or other such regulations. The City Council also directed the City Manager to provide a comprehensive report on rent rates as they pertained to Inglewood and the region. The purpose of the report was to provide the City Council with information and recommendations to assist with developing a Housing Protection Ordinance. The directive was to design a policy whose purpose is to maintain housing options for Inglewood residents in the face of a rental market that is rapidly bringing Inglewood to market rate rents, and yet be fair to both renters and owners alike.

On April 2, 2019, the City Manager provided a brief status update and requested a time extension to continue efforts to broaden the research of similar cities in Southern California to add protection and support for senior and disabled renters, and other tenants, as well as compile more comparison information on rental increase limits, and relocation assistance allowances.

On April 9, 2019, a written report was provided to the City Council, and notice was given that a public hearing would be held on April 16, 2019.

On April 16, 2019, a public hearing was conducted to receive public comments regarding the adoption of Ordinance No. 19-07. After receiving public input, as well as comments from the City Council, Ordinance No. 19-09 was introduced and adopted extending the moratorium for an additional 60 days. The City Council also directed the City Attorney to draft a comprehensive ordinance that provides for the following:

- 1. A cap on annual rent increases
- 2. Limiting rent increases to once in a 12-month period.
- 3. Establish a relocation allowance program for increases exceeding 4%.
- 4. Establish a Just Cause Eviction Policy for the City of Inglewood.

After completing a comprehensive study of various rent control policies established by numerous Southern California cities, in addition to State policies and input from the community, the proposed ordinance seeks to fairly address this issue by establishing the following:

- 1. An 8% cap on annual rent increases.
- 2. A Relocation Allowance Program for rent increases exceeding 4%.
- 3. Limiting rent increases to once in a 12-month period.
- 4. A Just Cause Eviction Policy for the City of Inglewood.
- 5. Includes an Exemption for residential properties containing four (4) dwelling units or less.

FINANCIAL/FUNDING ISSUES AND SOURCES:

There is no fiscal impact associated this action.

DESCRIPTION OF ATTACHMENTS:

Attachment No. 1 - Ordinance

PREPARED BY:

James T. Butts, Jr., Mayor Melanie McDade, Executive Assistant to the Mayor and City Manager Yakema Decatur, Deputy to the City Manager

PRESENTED BY:

Mayor James T. Butts, Jr.

MAYORAL APPROVAL:

James T. Butts, Jr., Mayor

ORDINANCE NO.: ____

AN ORDINANCE OF THE CITY OF INGLEWOOD, CALIFORNIA ADDING A NEW ARTICLE 9 "HOUSING PROTECTION INITIATIVE" TO CHAPTER 8 OF THE INGLEWOOD MUNICIPAL CODE TO REGULATE RENT INCREASES AND JUST CAUSE EVICTIONS FOR CERTAIN COVERED RESIDENTIAL RENTAL UNITS.

WHEREAS, on March 5, 2019, the City Council of the City of Inglewood adopted as an urgency measure Interim Ordinance No. 19-07 temporarily restricting certain residential rent increases to no more than 5% and requiring just case for evictions; and

WHEREAS, pursuant to Government Code section 65858(a), Interim Ordinance No. 19-07 shall be of no further force and effect 45 days from its date of adoption, i.e., April 19, 2019, unless otherwise extended after notice and public hearing pursuant to section 65090; and

WHEREAS, the City Council directed City staff to present to the Council just cause eviction policy alternatives or an ordinance establishing just cause requirements for evictions; and

WHEREAS, at the April 2, 2019, public meeting, the City Council heard public comments and received an oral report from the City Manager identifying areas of research regarding Interim Ordinance No. 19-07, which would require an extension of time beyond April 19, 2019; and

WHEREAS, on April 9, 2019, the City issued a written report regarding Interim Ordinance No. 19-07 that identified the areas of additional research and indicated a final report would be presented on April 16, 2019; and

WHEREAS, on April 16, 2019, the City Council held a duly noticed public hearing and took testimony regarding urgency Interim Ordinance No. 19-07; and

WHEREAS, after considering the reports from staff and hearing public comments, the City Council extended the urgency interim ordinance for an additional 60 days for staff to draft a rent stabilization and just cause eviction ordinance (Housing Protection

Initiative) that would adopt a cap on annual rent increases, limit annual rent increases to once in a 12-month period, establish relocation assistance for rent increases exceeding 4%, and establish a just cause eviction policy; and

WHEREAS, staff has prepared this Housing Protection Ordinance to protect Tenants from unreasonable rent increases and evictions without cause, while protecting a Landlord's right to earn a fair and reasonable return from a property and to terminate a tenancy pursuant to California Code of Civil Procedure section 1161.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INGLEWOOD does ordain as follows:

SECTION 1. A new Article 9 entitled "HOUSING PROTECTION INITIATIVE" is hereby added to Chapter 8 of the Inglewood Municipal Code to read as follows:

"Section 8-120. Definitions.

Unless otherwise defined elsewhere in this Article, the following words or phrases as used in this Article shall have the following meanings:

"Covered Rental Unit" means a dwelling unit available for rent in the City together with the land and appurtenant buildings thereto and all housing services, privileges and facilities provided in connection with the use or occupancy thereof. The following dwelling units are not considered Covered Rental Units and, therefore, exempt from the regulations of this Article:

- (1) Units in hotels, motels, inns, tourist homes and rooming and boarding houses which are rented primarily to transient guests for a period of thirty days or less;
- (2) Units in any hospital, convent, monastery, church, religious facility, extended medical care facility, asylum, transitional housing facilities, or any other facility requiring intake, case management or counseling as part of the occupancy;
- (3) Units owned, operated or managed by a not-for-profit organization pursuant to a tax credit program, non-profit home for the aged, or dormitory owned or operated by an educational institution;

- (4) Units which a government unit, agency or authority owns, operates, or manages, or in which government-subsidized tenants reside, including but not limited to tenants receiving Housing Choice Vouchers (Section 8), and units subject to a covenant or agreement, such as a density bonus housing agreement, inclusionary housing agreement or an affordable housing agreement, with a government agency restricting the rental rate that may be charged for that unit;
- (5) Units exempt pursuant to the Costa-Hawkins Rental Housing Act (Civil Code section 1954.50-1954.535) or any other applicable law; and
 - (6) Residential properties or parcels containing four (4) dwelling units or less.

"Housing Services" means all services provided by the Landlord related to the use or occupancy of the Covered Rental Unit, including, but not limited to, insurance, repairs, replacement, utilities, window shades and screens, maintenance, painting, heat, hot and cold water, elevator service, laundry facilities, janitorial service, refuse removal, furnishings, parking, storage, and any other benefit, privilege or facility that has been provided by the Landlord to the Tenant with use or occupancy of the Covered Rental Use. Services to a Covered Rental Unit shall include a proportionate part of services provided to common facilities of the building in which the Covered Rental Unit is contained.

"Landlord" means any person, partnership, corporation, family trust, and any other business entity or successor thereof, offering for rent or lease any Covered Rental Unit, and the employee, agent or representative of any such person, partnership, corporation, family trust or other business. A Landlord does not include an individual whose primary residence is the same Covered Rental Unit as the Tenant.

"Rent" means all periodic payments and all nonmonetary consideration, including, but not limited to, fair market value of goods, labor performed or services rendered to or for the benefit of the Landlord under a Rental Housing Agreement concerning the use or occupancy of a Covered Rental Unit and premises and attendant Housing Services,

28 | ///

///

including all payment and consideration demanded or paid for parking, utility charges, pets, furniture, and/or subletting.

"Rental Housing Agreement" means an agreement, oral, written, or implied, between a Landlord and Tenant for the use or occupancy of a Covered Rental Unit and for Housing Services.

"Tenant" means a person entitled, by written or oral agreement, or by sufferance, to the use or occupancy of a Covered Rental Unit.

Section 8-121. Rent Increases for Covered Rental Units.

A Landlord of a Covered Rental Unit used or occupied by an existing Tenant is prohibited from doing any the following:

- (1) Increasing the Rent more than one time per 12-month period, including the 12 months preceding the effective date of this Article. The 12-month period shall be calculated from the effective date of the Rent increase.
- (2) Requesting, imposing, charging or receiving a Rent increase that is more than eight percent (8%) of the then current Rent. For existing Tenants of a Covered Rental Unit whose tenancy began prior to the expiration of Urgency Interim Ordinance No. 19-07, the Landlord may not increase the Rent by more than the Rent that was in effect on or before June 18, 2019, plus any rent increase authorized by this Article. In addition to any other remedy provided in this Article, the Tenant may arrange for any unauthorized Rent increase that Tenant paid to Landlord to be credited toward future Rent payments. The Landlord shall provide Tenant with an accounting of the overpayment credits that are applied to Tenant's future Rent payments.

Allowable Rent increases shall become effective only after the Landlord provides written notice to the Tenant in the manner prescribed by law. To the extent required by state law, Landlords may set the initial Rent for new Tenants without regulation by this Article.

Section 8-122. Relocation Fees for Rent Increases Over 4%.

- (a) If a Landlord takes any action to increase a Tenant's Rent by more than four percent (4%), the Landlord shall pay relocation fees as set forth below in paragraph (b), if all of the following conditions are met:
- (1) A Tenant has resided in the affected Covered Rental Unit for at least 24 consecutive months or 720 consecutive days, whichever is shorter, at the time the Rent increase will take effect; and
- (2) All Tenants of the affected Covered Rental Unit notify the Landlord in writing that they elect not to remain therein.
 - (b) Relocation Fee Matrix.
- (1) Base Relocation Fee. Commencing on July 1, 2019, and on each July 1st thereafter, the Base Relocation Fee for any Covered Rental Unit shall be calculated as three (3) times the average of Inglewood Rent according to *RENTCafe's* then most recent published online report. (https://www.rentcafe.com/average-rent-market-trends/us/ca/inglewood/). 0 The initial average rent shall be \$1,770, resulting in a Base Relocation Fee of \$5,310.

If *RENTCafe* stops publishing the average rent for the City of Inglewood, the City will use the last published average rent for the City and adjust it by a percentage equal to the percentage increase, if any, of the consumer price index (CPI) for the Los Angeles-Riverside-Orange County area and then multiply by three (3) to calculate the then current Base Relocation Fee. In no event shall the Maximum Base Relocation Fee for any Covered Rental Unit shall exceed \$7,500.

If multiple Tenants reside in a Covered Rental Unit, the Tenants shall notify the Landlord in writing as to how the Base Relocation Fee should be apportioned to each Tenant before the Landlord becomes obligated to distribute any Base Relocation Fee to the Tenants.

///

///

(2) Additional Relocation Fees for Certain Tenants.

In addition to a portion of the Base Relocation Fee, each individual Tenant of a Covered Rental Unit who meets any of the following conditions shall be eligible for an additional relocation fee as follows:

<u>Status</u>	Additional Relocation Fee
Tenant between 5 to 10 years	\$1,000
Tenant 10 or more years	\$2,000
Disabled, Minor or Senior Tenant	\$2,000

For the purposes of this section the following definitions shall apply:

- i. A disabled person is any person who is receiving benefits from a Federal, State, or local government, or from a private entity due to a permanent disability that prevents the person from engaging in regular, full-time employment.
 - ii. A minor is a person younger than eighteen (18) years of age.
 - iii. A senior is a person sixty-two (62) years of age or older.

A Tenant whose status qualifies him or her for two or more additional relocation fees shall only receive one such fee for the greatest amount.

Only one additional relocation fee for a minor shall be paid to the Tenants of a Covered Rental Unit even if more than one minor resides therein.

(c) A Landlord seeking a Rent increase of more than four percent (4%) shall include in the written notice of Rent increase to all Tenants of the affected Covered Rental Unit information explaining that they, at their election, will be eligible for a relocation fee pursuant to this Section. Such notice shall specify the Base Relocation Fee and Additional Relocation Fees that Tenants may be entitled to upon proof of eligibility.

If all Tenants elect to vacate the affected Covered Rental Unit, the Tenants shall notify the Landlord of that fact in writing and include information about the allocation of the relocation fee to each Tenant. The Landlord shall pay the Tenants one-half of the relocation fee at least five business days after Landlord's receipt of Tenants' written

election to vacate. The Landlord shall pay the Tenants the remaining one-half of the relocation fee no later than five (5) business days after all Tenants have vacated the Covered Rental Unit. Landlord may deduct from the relocation fee: (1) any and all past due Rent owed by any Tenant; (2) any amounts paid by Landlord for any extraordinary wear and tear or damage caused by any Tenant, cleaning, or other purposes served by a security deposit as defined by the Rental Housing Agreement, to the extent that the security deposit is insufficient to provide the amounts due for such costs.

Section 8-123. Just Cause For Eviction Required For Covered Rental Units.

No Landlord shall take any action to terminate any lawful tenancy for a Covered Rental Unit, including but not limited to, making a demand for possession of the Covered Rental unit, threatening to terminate a tenancy verbally or in writing, serving any Notice to Quit or other Notice to Terminate a Tenancy, or brining any action to recover possession, or be granted recovery of possession of a Covered Rental Unit unless at least one of the following conditions exists:

- 1. Failure to Pay Rent. The Tenant has failed, after receiving written notice cease, to pay the Rent to which the Landlord is legally entitled to under the Rental Housing Agreement, this Article, state, or any other local law.
- 2. Breach of Lease. The Tenant has, after receiving a written notice to cease, continued to substantially violate any of the material terms of the Rental Housing Agreement, other than a violation based on the following:
 - a. The obligation to surrender possession upon proper notice; or
- b. The obligation to limit occupancy, provided that the additional Tenant who joins the occupants of the Covered Rental Unit thereby exceeding the limits on occupancy set forth in the Rental Housing Agreement is either the first or second <u>dependent</u> child (minor under age of 18) to join the existing tenancy of a Tenant of record, the sole additional adult Tenant, or is a replacement Tenant who moved in after an approved Tenant vacated the Covered Rental Unit. The Landlord, however, 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. If the Landlord fails to respond to the Tenant in writing with a description of the reasons for the denial of the request within 14 days of receipt of the Tenant's written request, the Tenant's request shall be deemed approved by the Landlord. A Landlord's reasonable refusal of the Tenant's written request may be based on, but is not limited to, the grounds that the Tenant has replaced one or more departed Tenants with short-term sublessors, or that the total number of occupants in a Covered Rental Unit exceeds the maximum occupants as determined by any applicable state or local law.

- 3. Nuisance. The Tenant is maintaining, committing, or permitting the maintenance or commission of a nuisance in, or is causing damage to, the Covered Rental Unit, or the appurtenances thereof, or to the common areas of the property where the Covered Rental Unit is located, or the Tenant is creating an unreasonable interference with the comfort, safety or enjoyment of any other residents of the property or persons residing within a 1,000 foot radius extending from the boundary of the property. The act or acts constituting domestic violence or sexual assault or stalking against the Tenant or a member of the Tenant's household cannot form the substantial basis of a reason to terminate the tenancy of the victim of such acts.
- 4. Illegal Purpose. The Tenant is using or permitting the Covered Rental Unit, the common areas of the property containing the unit, or an area within a 1,000 foot radius of the boundary line of the property to be used for any illegal purpose.
- 5. Refusal to Execute New Lease. The Tenant, who had a Rental Housing Agreement which terminated on or after the effective date of this Article, has refused, after written request by the Landlord, to execute a written extension or renewal thereof of like duration with terms which are materially the same as in the previous agreement and provided that such terms do not conflict with any provision of this Article or any other provision of law.
- 6. Failure to Give Access. The Tenant, after service of proper notice, has refused the Landlord reasonable access to the Covered Rental Unit for the purpose of

making repairs or improvements, or for the purpose of inspection as permitted or required by law, or for the purpose of showing the unit to any prospective purchaser or mortgagee. 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.

- 7. Subtenant in Sole Possession. The person in possession of the Covered Rental Unit at the end of a lease term is a subtenant not approved by the Landlord.
- 8. Owner Move In. The owner seeks, after providing written notice to the Tenant pursuant to state law, to recover possession of the Covered Rental Unit in good faith for use and occupancy as a primary residence by the Landlord, or the Landlord's relative, such as a child, foster child, step-child, ward, parent, grandchild, grandparent, brother, sister, spouse or partner.
- a. This provision may be invoked only if the Landlord seeking to recover possession of the Covered Rental Unit is a natural person and has at least a fifty percent (50%) recorded ownership interest in the property.
- b. No eviction may take place under this provision if the same Landlord or enumerated relative already occupies a unit on the property, or a vacancy already exists on the property.
- c. Any Notice to Terminate a Tenant pursuant to this provision shall contain the name, address, and relationship to the Landlord of the person intended to occupy the Covered Rental Unit.
- d. The Landlord or enumerated relative must intend in good faith to move into the Covered Rental Unit within sixty (60) days after the Tenant vacates the unit, and occupy the Covered Rental Unit as a primary residence for at least thirty six (36) consecutive months.
- e. If the Landlord or enumerated relative specified on the notice terminating the tenancy fails to occupy the Covered Rental Unit within sixty (60) days

after the Tenant vacates, the Landlord shall offer the Covered Rental Unit to the Tenant who vacated it at the same Rent in effect when the Tenant vacated.

- f. A Landlord may not evict a Tenant under this provision if the Tenant (1) has resided in the Covered Rental Unit for at least five (5) years and is either at least sixty-two (62) years old or is disabled pursuant to Government Code section 12955.3; or (2) is certified as being terminally ill by the Tenant's treating physician; and (3) notwithstanding the foregoing, a Landlord may evict a Tenant who qualifies for the exemptions herein if the Landlord or enumerated relative who will occupy the Covered Rental Unit also meets the criteria for this exemption and no other units are available.
- 9. Permanent Withdrawal of Covered Rental Unit from Rental Market. The Landlord seeks in good faith to imminently demolish the Covered Rental Unit or otherwise permanently remove the property containing the Covered Rental Unit from any residential use or purpose in accordance with Government Code sections 7060 through 7060.7. Tenants affected by this provision shall be entitled to a minimum 120-day notice, or one year notice in the case of a person at least 62 years of age or disabled who has resided in a Covered Rental Unit for at least one year prior to the date of the delivery of the notice to the Tenant. Notice times may be increased by regulations if state law allows for additional time. If demolition is the purpose of the withdrawal, the Landlord must receive all needed permits from the City of Inglewood before serving any notices terminating a tenancy pursuant to this paragraph.
- 10. Government Order. The Landlord seeks in good faith to recover possession of the Covered Rental Unit in order to comply with a governmental agency's order that necessitates the vacating of the building the Covered Rental Unit is located in.

Section 8-124. Actions to Recover Possession Compliance with Article.

In any action brought by a Landlord to recover possession of a Covered Rental Unit, the Landlord shall allege compliance with this Article. A Landlord's failure to comply with any requirements of this Article is a complete affirmative defense in an unlawful

detainer or any other action brought by the Landlord to recover possession of the Covered Rental Unit.

Section 8-125. Civil Remedies.

A Tenant may bring a civil suit in the courts of this State alleging that his/her Landlord has violated any of the provisions of this Article or any regulation promulgated hereunder. A Landlord found to have violated this Article, in a civil suit, shall be liable to the Tenant for all actual and punitive damages, and the prevailing Tenant shall be entitled to reasonable attorney's fees and costs as determined by the court. Additionally, upon a showing that the Landlord has acted willfully or with oppression, fraud, or malice, the Tenant shall be awarded treble damages. No administrative remedy need be exhausted prior to filing a civil suit pursuant to this section.

Section 8-126. Retaliation Prohibited.

No Landlord may threaten to bring, or bring, an action to recover possession of a Covered Rental Unit, cause the Tenant to quit a Covered Rental Unit involuntarily, serve any notice to quit or notice of termination of tenancy, decrease any Housing Services or increase the Rent where the Landlord's intent is to retaliate against the Tenant for Tenant's assertion or exercise of rights under this Article or under state or federal law; for the Tenant's request or demand for, or participation in mediation or arbitration under any public or private mediation program; or for the Tenant's participation in litigation. Such retaliation shall be a defense to an action to recover possession of the Covered Rental Unit, or it may serve as the basis for a civil action by the Tenant for actual and punitive damages and/or injunctive relief.

Section 8-127. Enforcement Procedures.

The City, at its sole discretion, may choose to enforce the provisions of this Article through its administrative citations procedures set forth in Chapter 11, Article 11.4 of the Municipal Code, and/or pursue any other civil or criminal enforcement action. The City's decision to pursue or not pursue enforcement of any kind shall not affect a Tenant's right to pursue civil remedies under this Article or any other applicable law.

Nothing in this Article shall be interpreted to deprive the Landlord of the ability to earn a fair and reasonable return from a property or to preclude a Landlord from terminating a tenancy in accordance with this Article and California Code of Civil Procedure section 1161, as may be modified from time to time."

SECTION 2. If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions this Ordinance. The City Council hereby declares that it would have passed and adopted this Ordinance, and each and all provisions thereof, irrespective of the fact that one or more provisions may be declared invalid.

SECTION 3. The City Clerk shall certify that to the approval, passage and adoption of this Ordinance by the City Council and shall cause the same to be published in accordance with the City Charter, and thirty days from the final passage and adoption, this Ordinance shall be in full force and effect.

INTRODUCED at a regular meeting of the Inglewood City Council on , 2019.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Inglewood City Council on ______, 2019.

CITY OF INGLEWOOD:

James T. Butts, Jr., Mayor

ATTEST:

27

28

Yvonne Horton, City Clerk