



SANTA MONICA RENT CONTROL BOARD

1685 Main Street, Room 202, Santa Monica, CA 90401
▪ (310) 458-8751 ▪ www.smgov.net/rentcontrol

Information by phone:
Monday through Thursday 7:30 am - 5:30 pm
on open Fridays 8:00 am - 5:00 pm

Public counter:
8:00 am - 4:30 pm, including open Fridays
Rent Control is closed alternate Fridays

Frequently Asked Questions

*The Rent Control Board is staffed by Information Coordinators who answer public inquiries.
For more detailed information or to ask other questions, call (310-458-8751) or visit our office in City Hall.*



Did vacancy decontrol end rent control in 1999?

The state vacancy decontrol law that took effect January 1, 1996 mandated changes to local rent control laws. **It did not end rent control or eviction protections**, and it does not permit rent increases on existing tenants.

◆ **Beginning January 1, 1999**, following most vacancies, the property owner may set the rent for a new tenant at an amount the owner and tenant negotiate. The new rent will be re-controlled and future rent increases during the tenancy will be determined by the Rent Control Board.

◆ **Between October 1, 1995 and December 31, 1998**, rent increases of up to 15% were permitted for new tenants following a voluntary vacancy or eviction of a tenant for failure to pay rent, a maximum of two times.

- ◆ Once the new tenant moved in, the new rent was again controlled.
- ◆ All other rent control protections, such as eviction protections, still apply.



How is the rent determined and what is a MAR?

The legal rent for a controlled unit is the Maximum Allowable Rent (MAR) plus certain surcharges. For tenants who moved in **before October 1995**, the MAR is based on the rent in effect (and all amenities included with the rent)

on April 10, 1978, one year before rents were regulated. The current MAR equals the base rent from 1978 plus all increases approved by the Board since that time. The current rent may also include monthly surcharges, such as the Rent Control registration fee.

As of January 1, 1999, property owners may rent most units to new tenants for market rates. In negotiating the initial rent for an apartment, owners may offer whatever amenities they negotiate without regard to the amenities that previously came with the apartment. The amenities provided when the apartment is rented will be considered the unit's minimum amenities for the duration of the tenancy. Rent levels and parking information for all tenancies after January 1, 1999 must be registered with the Rent Control Board on a **Vacancy Unit Registration** form.

To learn the MAR in the Board's records for a unit or to learn more about surcharges, contact the Rent Board office or visit the Board's website at:

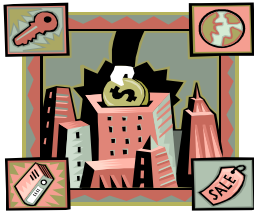
www.smgov.net/rentcontrol.



How does someone find out the Maximum Allowable Rent for a unit?

Call or stop by the Rent Control office to learn the current MAR in the Board's records for a unit. You may also look up rent levels on the Rent Control website at:

www.smgov.net/rentcontrol



How much security deposit can a property owner collect when a tenant moves in?

California law allows an owner to collect **up to two months' rent** for an **unfurnished unit** or **three months' rent** for a **furnished unit**. This deposit may be collected in addition to first month's rent. Santa Monica Rent Control regulations generally do not permit an owner to increase the amount of the security deposit during a tenancy. As of June 13, 2002, the Board suspended its regulations requiring owners to pay interest on security deposits. **No interest payments on security deposits are required** at this time. For additional information on security deposits and refunds please review the **Security Deposits** information sheet.



What can a tenant do if the property owner does not make necessary repairs?

A tenant who believes that the rental unit needs repairs should notify the owner. **It's best to do so in writing** and to keep a copy of the signed and dated letter after giving the original to the owner or manager. If the owner does not make the requested repairs, tenants have several remedies depending on the seriousness of the problems.

California law requires owners to maintain their units in habitable condition. The property must also comply with building and housing codes that protect a tenant's health and safety.

Under the Santa Monica Rent Control Law, a **tenant may file a rent decrease petition if the owner does not make repairs or restore housing services** after receiving written notice from the tenant. A decrease petition may be filed 30 to 180 days after the written notice to the owner. The purpose of the decrease process is to encourage owners to make

necessary repairs. Many of the issues raised in decrease petitions are resolved through mediation. Any unresolved issues are forwarded to the Rent Control Hearings Department for a hearing and written decision.

In addition to filing a decrease petition, tenants who believe their unit or building is unsafe or unhealthy may call one of the following local government agencies and ask them to investigate the problem:

◆ Santa Monica Code Compliance

310-458-4984

◆ Los Angeles County Health Dept.

310-665-8484

For detailed information, please review information sheet - **Maintenance of Rental Property**.



Is a tenant entitled to a parking space with the unit?

It depends. For tenants whose tenancies began before January 1, 1999, housing services and amenities, such as parking, **which were provided with the unit at no extra charge on April 10, 1978**, are considered "base amenities." These amenities should still be provided at no extra cost. To learn which amenities are registered with a particular unit, contact the Rent Board office. If an amenity provided to the unit is discontinued or reduced, the tenant should ask the owner in writing to restore the amenity. Keep a copy of the letter. If the **issues are not resolved, the tenant may apply for a rent decrease**.

For units rented to new tenants after January 1, 1999, base rents and amenities are those provided on the initial rental date of the unit.



Are roommates allowed?

The Rent Control Law does **not address the maximum number of people** who may occupy a unit. Tenants are generally bound by whatever was agreed to in their rental agreement. Most standard rental agreements have language limiting occupancy to specified persons, prohibiting sub-tenancies, or requiring the owner's prior written consent.

However, if an owner refuses to allow a tenant to replace a roommate, the remaining tenant(s) may petition for a rent decrease for reduction of a housing service. A rent decrease is only available if the owner does not allow the same number of tenants as were allowed on the base rent date. **If a rental agreement does not prohibit having roommates or subleasing, roommates are allowed.**

Even if a rental agreement restricts who may reside in the unit, there are circumstances under which a tenant may be able to have additional occupants. The Santa Monica Municipal Code prohibits owners from evicting tenants for violating their rental agreements if the violation is due to an increase in occupancy because of the marriage of the tenant or the birth or adoption of a minor child. **Another section of the Municipal Code provides similar protections for tenants who reside with a registered domestic partner.** However, an "Affidavit of Domestic Partnership" must be on file with the City Clerk's office prior to the tenants' being served with a 3-day notice by the owner.



What does a new owner of controlled rental property need to do?

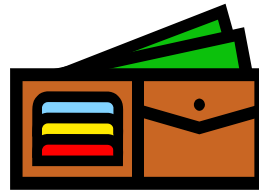
Before purchasing controlled rental property, future owners may want to find out the current rent levels and review the Agency's file on the

property. All documents related to a property are available to be viewed at the Board's office.

Once new owners have purchased rental property they need to take the following steps with the Rent Control Agency:

- ◆ File a **Change of Ownership Registration** form within 30 days of closing escrow.
- ◆ Determine if the **annual registration fees** for the property have been paid and if any of the tenants have registration fee waivers. This information is available from the Board's office.

Annual registration fee bills are mailed to landlords at the beginning of July each year and must be paid by August 1 in order to pass the fees through to the tenants as a monthly surcharge. For more detailed information please review information sheet - ***Owning Rental Property in Santa Monica.***



Why is the rent increased each September?

While the Rent Control Law provides many protections for tenants, it also guarantees property owners a fair return on their rental property. The annual General Adjustment compensates owners for general increases in operating expenses. Rent Board staff looks at such things as utility, water and insurance costs in determining the amount of increase to recommend to the Rent Control Board Commissioners, who make the final decision after holding a public hearing.



What is the current Annual General Adjustment?

The General Adjustment compensates property owners for general increases in operating expenses. In June 2011 the Board approved a **2011 General Adjustment of 3.2% with a maximum increase of \$52.** The General Adjustment goes into effect on September 1 of each year.

Property owners may increase rents by the 2011 General Adjustment beginning September 1 if:

- ◆ all registration fees and accrued penalties are paid by August 1;
- ◆ the units are properly registered;
- ◆ there are **no uncorrected citations or notices** of violation of health, safety, or housing laws for the property;
- ◆ the owner is in compliance with all provisions of the Rent Control Law;
- ◆ the owner gives a 30-day written notice as required by California law; and
- ◆ the tenant moved into the unit **before** September 1, 2010.



What if a tenant is paying more than the legal rent?

Rent overcharges may be found in a variety of instances, including:

- ◆ a monthly rental charge greater than the legal rent;
- ◆ an extra charge for an amenity that is required to be provided without additional charge; or
- ◆ a "finder's fee" in order to rent a unit.

A tenant who believes he/she is paying more than the legal rent should contact an Information Coordinator to find out the legal rent for the unit.

Rent overcharges may be resolved in several ways. If the owner does not voluntarily refund overpayments once the tenant brings this to his/her attention, the tenant may:

- ◆ file an excess rent complaint with the Rent Control Board;
- ◆ file a lawsuit in Small Claims Court (no more than \$7,500); or
- ◆ file a lawsuit in Superior Court.

If a tenant files in Small Claims or Superior Court, the tenant may be able to obtain a penalty of three times the amount of the excess rent. Each option has advantages and disadvantages that should be considered before making a decision.



What is the registration fee?

The Rent Control registration fee finances the services provided to administer the Rent Control Law. The registration fee is \$156 annually, which is \$13 per month. Property owners initially pay the fee for each rental unit they own. If the fees are paid on time, the owner may collect the fee as a monthly surcharge (the amount of the total fee for the unit divided into 12 monthly payments) from their tenants.

Owners who pay all outstanding registration fees by August 1 may, with proper written notice, recover the registration fee from tenants at the rate of \$13 per month beginning September 1st.



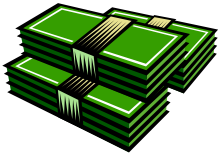
What is a registration fee waiver?

The Board will waive this fee for units occupied by very low income seniors (62 years or older) or very low income disabled tenants. The tenant's total yearly household income must be less than \$26,880 for a person living alone or \$30,720 for a two-person household.

Fee waivers are also available for the following circumstances:

- ① Units participating in the Federal Section 8 housing program are eligible for a Section 8 fee waiver.
- ② Owners who reside in a unit on their property and who have at least a 25% ownership interest may qualify for an owner-occupied fee waiver.
- ③ Single family homes and condominiums occupied by tenants who moved in after January 1, 1996 may qualify for a separately sold unit fee waiver.

Fee waiver applications must be submitted on forms provided by the Board and documentation is required for each type of waiver. Contact an Information Coordinator to obtain an application or additional information.



What are surcharges?

The Rent Control law allows property owners to pass along certain property tax assessments to their tenants, in addition to the Maximum Allowable Rent (MAR) and registration fee. The allowable surcharges are:

- School District Special Tax (currently \$350.84 per parcel)
- School Bonds
- Community College Bonds
- Stormwater Management User Fee
- Clean Beaches & Ocean Parcel Tax

Surcharges may only be collected on a pro-rated monthly basis. To calculate the monthly amount per unit for each allowable assessment:

- use the current property tax bill
- divide each assessment by the total number of all units on the parcel
- divide again by 12 to get the monthly amount per unit

To collect the bonds, Stormwater and Clean Beaches surcharges, the owner must provide tenants with a copy of the property tax bill showing the assessed amounts. Portions of the tax bill may be “blacked out” for privacy, but the property address, tax amount and dates must be identifiable.



What is a petition and why file?

The Santa Monica Rent Control Law allows tenants and owners to file petitions to resolve disputes or adjust rent levels. The filing of a petition usually results in the matter being scheduled for a hearing. There are several types of petitions heard by the Rent Control Board. These include:

Decrease Petition - filed by a tenant to encourage the owner to make necessary repairs or restore services/amenities. A decrease petition may be filed by an owner who wishes to remove a service in exchange for a decrease in rent.

Increase Petition - filed by an owner who seeks to increase the rent levels at a property.

Increase petitions are filed for all units on a property at the same time and are often based on unusually high expenses, including capital improvement expenses.

Tenant Not in Occupancy Petition - filed by an owner when a tenant does not live in the unit. If granted, the Rent Control Board will increase the rent.

Base Rent/Base Amenities Petition - filed by an owner or a tenant to determine the base rent and/or the base amenities for a unit. The base rent or amenities date is April 10, 1978, or the first date the unit was rented after that. The rent level and amenities are established as of the base rent date. For tenants who moved in **after January 1, 1999**, the base rent date is their initial date of tenancy.

Complaint for Excess Rent/Non-Registration - filed by a tenant who believes he or she is being or has been charged rent in excess of the legal maximum rent. A complaint may also be filed by a tenant if the owner has failed to register the property in accordance with the regulations.

For more questions and answers on petitions, please read information sheet - **How to Prepare for a Hearing**.



Are condominiums covered by the Rent Control Law?

It depends. Condominium units may or may not be covered by rent control depending on a variety of factors such as:

- ◆ whether they were built as condominiums or converted from apartments;
- ◆ if converted, whether the unit has been separately sold to an actual purchaser;
- ◆ if built as condominiums, the date their construction was completed;
- ◆ in some cases, when the first unit was sold is important; and
- ◆ whether the current tenants first rented before or after January 1, 1996.

Because the facts differ for each condominium, it is best to call the Rent Control Board to determine the facts for a particular address.