

Santa Monica Rent Control Board

2015



Consolidated Annual Report

Status of Controlled Rental Housing

Impact of Market-Rate Vacancy Increases

Impact of the Ellis Act

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Produced by staff of the Rent Control Agency
Executive Director: Tracy Condon

Cover photo: Hakhamanesh Mortezaie

Introduction

In 2015, we continued to inform the public about the Rent Control Law and what the Board and its staff do to enforce it. We did this through daily contacts with the public, the bi-yearly newsletter, summer mailings, various seminars we produce or participate in with other City divisions, social media, and frequent updates to our website.

Never have these efforts been more necessary, as the housing stock that is still affordable to Santa Monica's low, moderate, and middle-income renters continues to dwindle. Voter-supported efforts like Measure FS, to equitably share the cost of registration fees, and Measure GA, which ties rent increases to inflation in the Los Angeles metropolitan area, helped ease the impact of annual rent increases on existing tenants. Still, pressure on long-term (and lower-paying) tenants to make way for new tenants paying market-rate rents continues to threaten the stability of Santa Monica's rent-controlled population.

One form of such pressure is the so-called "buyout" agreement, under which a tenant is offered money to move. While these agreements are legal, and are not always unwelcomed by the tenant, they can be problematic when presented to tenants with insufficient time to consider them, or with insufficient notice of their rights. To prevent these problems, the Santa Monica City Council amended the anti-harassment ordinance to specify that owners must provide a written disclosure notice of tenants' rights before offering a buyout, and the tenant has up to 30 days to rescind an agreement after signing it. Landlords must file copies of executed agreements with the Board.

Santa Monica also suffered a net loss of 28 rental units in 2015, as rent-controlled properties were removed from the rental market under the Ellis Act to make way for new condominiums and larger single-family dwellings. An attempt in the State legislature to curb Ellis evictions by limiting incentives for speculator developers failed last year, diminishing hopes of slowing the loss of previously affordable rental units from the housing market statewide.

This loss of controlled units has been partly offset by greater oversight of owner-occupied exemptions on two- and three-unit properties. Of the 40 percent of property owners granted the owner-occupied exemption contacted in the first phase of this stepped-up oversight, ten percent appear to no longer qualify for the exemption, returning units to the controlled housing stock.

Finally, it was with gratitude but considerable sadness that the Board accepted the retirement of Commissioner Ilse Rosenstein. Her dedication and service to Santa Monica tenants will be missed, and we wish her well in her new endeavors. The Board appointed Anastasia Foster to fill her seat until an election for a permanent replacement is held in November 2016.

Tracy Condon, Executive Director

March 10, 2016

New Developments in 2015

Registration Fee

Landlords have always been solely responsible for payment of rent control registration fees, and that has not changed. However, in the November 2014 election, voters changed the Rent Control Law to limit to 50 percent the portion of the fee that landlords may recoup from tenants through a surcharge on rents. There was no change to the annual fee assessed owners in 2015, which remained \$174.96 per unit. Accordingly, if owners paid all registration fees and penalties by August 3, 2015, they could recover half of the fee from tenants at the rate of \$7.29 per month beginning in September 2015.

Board Amends Regulations to Require Annual Recertification of Continuing Eligibility for Owner-Occupied Exemptions (3 or Fewer Units)

In May 2015, the Board adopted an amendment to Regulation 12070 that requires property owners who have received an exemption for owner-occupancy of a property with three or fewer units to annually certify that he or she continues to occupy the property as his or her principal residence. In September 2015, the Agency began mailing letters to owners who received owner-occupied exemptions requesting that they complete and return a declaration that they still qualify. During the first phase of the program, the Agency has contacted more than 40 percent of the owners whose properties have owner-occupied exemptions. It appears that in the first year of enforcement it may be determined that approximately 10 percent of properties granted owner-occupied exemptions no longer qualify for the exemption. More detail regarding this amendment and program is provided in the Exemption and Removal Permit Applications section of this report.

Buyout Agreements must be filed with the Board

In January 2015, the City Council adopted amendments to Municipal Code Chapter 4.56 regarding tenant harassment. Among the amendments is a requirement that landlords give tenants a written notice of tenants' rights pertaining to buyout agreements before making a buyout offer and that signed buyout agreements be filed with the Rent Control Board. At its April 2015 meeting, the Board amended its regulation to require that landlords file buyout agreements with the Rent Control Board. The Board's Legal Department has been accepting these filings. A review of agreements received in 2015 is included in the section of this annual report regarding activities of the Legal Department.

2015 General Adjustment

For the year that ended March 2015, the Consumer Price Index (CPI) increase for the Los Angeles area was 0.5 percent. After applying the formula provided for in the City Charter that initially equates the general adjustment to 75 percent of the change in the CPI (rounded to the nearest tenth of a percent), the Board announced a general adjustment of 0.4 percent for 2015. Following a public hearing on June 11, 2015, the Board voted to set a dollar-amount ceiling of \$7, according to the methodology prescribed in the Rent Control Law.

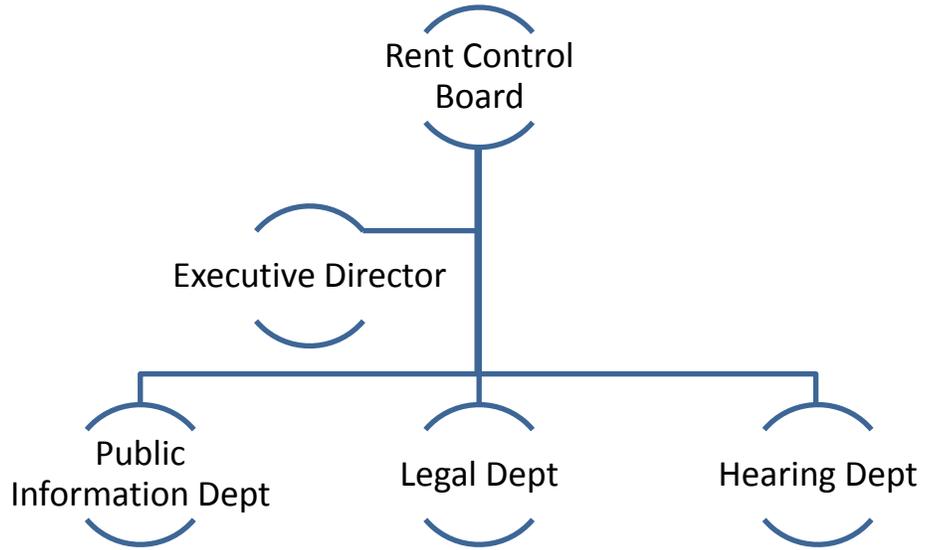
Administration

Rent Control Board ▶▶▶

The Rent Control Board is composed of five elected commissioners who are responsible for exercising the powers and performing the duties under Article XVIII of the City Charter. The Board typically meets once a month in the City Council chambers at a scheduled public meeting. In 2015, the Board convened 12 regular meetings.

Agendas for upcoming Board meetings are available in the office of the Rent Control Agency,

on the Agency's website at www.smgov.net/rentcontrol and via e-mail for people who sign up for electronic communications. Board meetings are shown live on City TV and by webcast. An archive of past meetings is available on our website.



2015 Rent Control Board Commissioners

- Christopher Walton (Chairperson)
- Ilse Rosenstein (Vice-Chairperson) (retired 12/31/2015)
- Steve Duron
- Todd Flora
- Nicole Phillis

Ilse Rosenstein Retires from Her Position on the Board

The Rent Control Board and staff want to thank Commissioner Ilse Rosenstein, who retired her seat on the Board as of the end of the 2015 calendar year. Ms. Rosenstein served with dedication and an unyielding concern for tenants' rights. Ms. Rosenstein was replaced when, at their meeting of February 19, 2016, the Board voted to appoint Anastasia Roark Foster to fill the unscheduled vacancy on the Board.

The Executive Director

The Executive Director, who is appointed by the Board, oversees the day-to-day functioning of the Rent Control Agency, including: developing a budget; overseeing personnel, contracts and purchases; as well as assisting the Board in developing regulations to implement the Rent Control Law. The Administration Department she oversees also provides direct support to the elected Commissioners by preparing agenda packages, scheduling Board meetings, archiving Board actions and processing correspondence for the Board.

The Administration Department also provides information technology and systems support to the Agency by maintaining the property database, website and software systems, as well as computer and peripheral electronic equipment. To enhance administrative efficiencies and to ensure cross-training, the Agency's administrative support positions are organized as an Office Support Team under the supervision of the Office/Budget Coordinator within the Administration Department.

Public Information Department

The Public Information Department responds to questions from the public about the Rent Control Law and the current status and history of specific controlled units. The department also informs the public about the Agency's services using a variety of media to reach the Agency's constituents. The department publishes semiannual newsletters and prepares an annual report on the state of the controlled housing stock for the Santa Monica City Council. It also maintains the Agency's website, and presents seminars for tenants, landlords, property managers, realtors and other interested members of the public.

Hearings Department

The Hearings Department is responsible for scheduling and holding hearings on tenant- and landlord-initiated petitions, conducting investigations and issuing recommendations and decisions. The department also handles mediation of decrease and excess rent cases and mediates other types of disputes between landlords and tenants.

Legal Department

The Legal Department advises the staff and Board regarding interpretations of the law and represents the Board in legal disputes to which the Board is a party. It prepares and presents staff reports on appeals of hearings and administrative decisions, as well as removal permit applications and exemption applications. It also drafts and updates regulations for Board consideration and adoption to implement the Rent Control Law.

Status of Controlled Rental Housing

Housing Stock ▶▶▶

Approved by the City’s voters 37 years ago, The Santa Monica Rent Control Law generally applies to units that were in existence when the law was enacted on April 10, 1979 and which at any time since have been used for residential rental purposes.

At any given time, the total number of rental units subject to the Santa Monica Rent Control Law varies depending upon exemptions granted, withdrawals or re-rentals pursuant to the Ellis Act, first time rentals, lawful removals and other reasons. More information about controlled units follows in the sections on the impact of market-rate vacancies and the Ellis Act.

27,542

Total currently controlled
rental units

As of December 31, 2015, the total number of rental units subject to the Santa Monica Rent Control Law was 27,542. This number is lower than the 28,069 reported in 2014 due to the variations mentioned above and because last year’s report included several hundred owner-occupied units. While these owner-occupied units remain part of the controlled housing stock, they will only be counted as controlled units for this report if and when they are rented to tenants.

For this report, the number of controlled units also excludes pads at mobile home parks, units with no rental history and certain single-family dwellings and condominiums with decontrolled rents. Depending on usage, some of these units may be controlled in the future. The largest categories of units not included in the total units currently controlled at the end of 2015 are summarized in Figure 1.

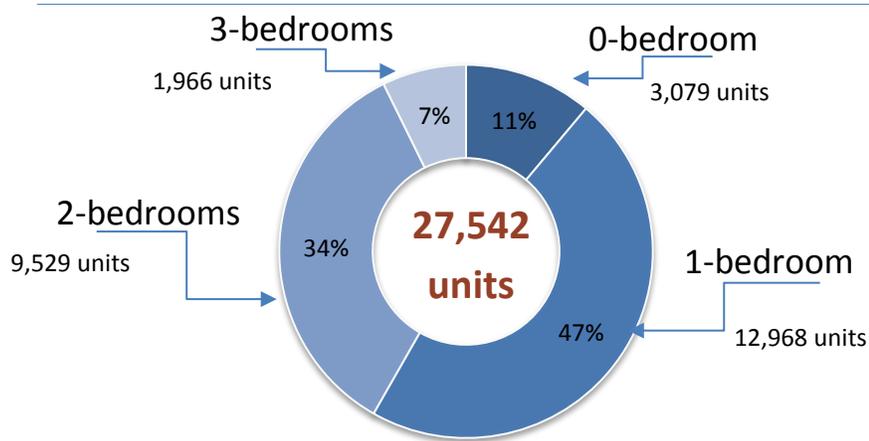
Fig 1 | Units Potentially – But Not Currently – Subject to Rent Control (as of 12/31/2015)

Ellis Act withdrawals	2,019
Removed per permits	1,707
Owner-occupied exemptions	1,451
Other “use” exemptions	3,837
Total	9,014

Types of Rental Units ▶▶▶

The Rent Control Agency tracks controlled units by type – 0-bedroom, 1-bedroom, 2-bedroom and 3(or more)-bedroom units. Almost half of the controlled housing stock in Santa Monica is 1-bedroom units, and more than a third are 2-bedroom units. Singles (0-bedroom) and large units with three or more bedrooms, on the other hand, are much fewer in number.

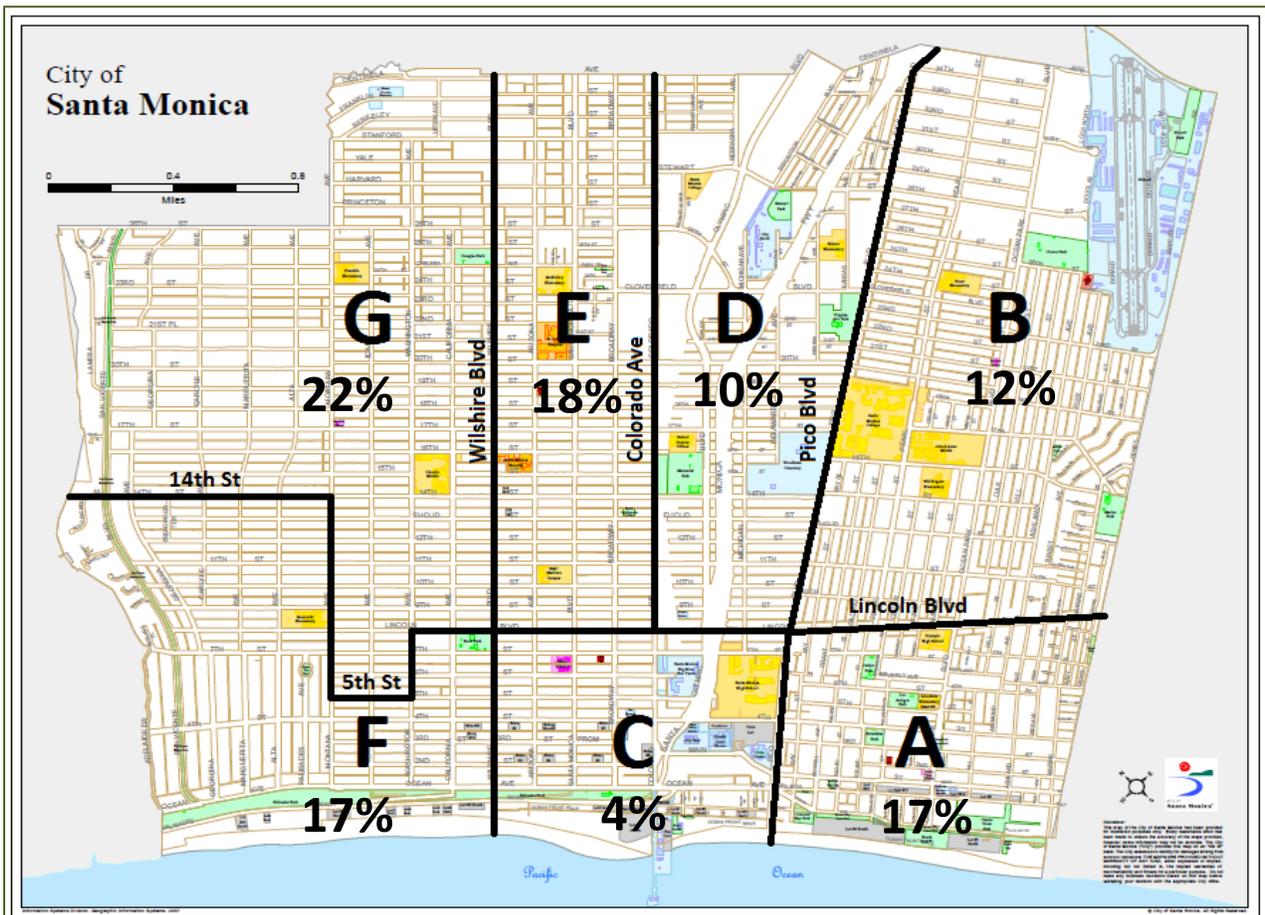
Fig 2 | Percentage of Controlled Rental Units by Unit Size



Mapping the City ▶▶▶

To assess changes in the housing stock, the Rent Control Agency segments the city into seven areas, identified as City Area A through City Area G. These seven areas roughly parallel the city's neighborhoods and census tracts. The map below shows these city areas and the percentage of controlled rental units in each as of December 31, 2015. The share of each area's controlled units has remained roughly the same, however there was a shift in 2015 with Area F constituting an additional percentage point while Area E lost one.

Fig 3 | City Areas and Percentage of Controlled Rental Units by Area



City Area	# of Units
A	4,704
B	3,296
C	1,086
D	2,853
E	5,046
F	4,542
G	6,015

Impact of Market-Rate Vacancy Increases

As of January 1, 1999, full implementation of the Costa-Hawkins Rental Housing Act significantly changed how initial rents are established in rent-controlled units in Santa Monica. This report attempts to quantify the important impacts of this change over the past 17 years.

Prior to the implementation of the Costa-Hawkins Rental Housing Act, rents of controlled units were based on rents in effect in 1978 plus annual increases authorized by the Rent Control Board. Under “vacancy control,” the controlled rent for a unit did not change even when the unit was vacated and re-rented. Once Costa-Hawkins was fully implemented, rents for most tenancies begun January 1, 1999 or after were no longer tied to 1978 rents. Instead, through “vacancy decontrol/recontrol,” initial rents could be negotiated with each new tenancy at whatever amount the market would bear – so called “market-rate” rents. Those newly set rents remain subject to Rent Control’s annual adjustment limits.

While the Rent Control Law equally protects tenants who moved in before vacancy decontrol (so-called “long-term” tenants) and those who moved in at market rates, initial rents have been rising as existing tenants move and apartments are re-rented. New tenants are starting their tenancies paying rent levels that are not only significantly higher than rents paid by long-term tenants, but in many cases, significantly higher than the market-rate rents established even one or two years earlier.

The records maintained by the Rent Control Agency reveal dramatic escalation of rental housing costs in Santa Monica since Costa-Hawkins took effect. Rental housing costs in Santa Monica are now some of the highest in the Los Angeles basin.

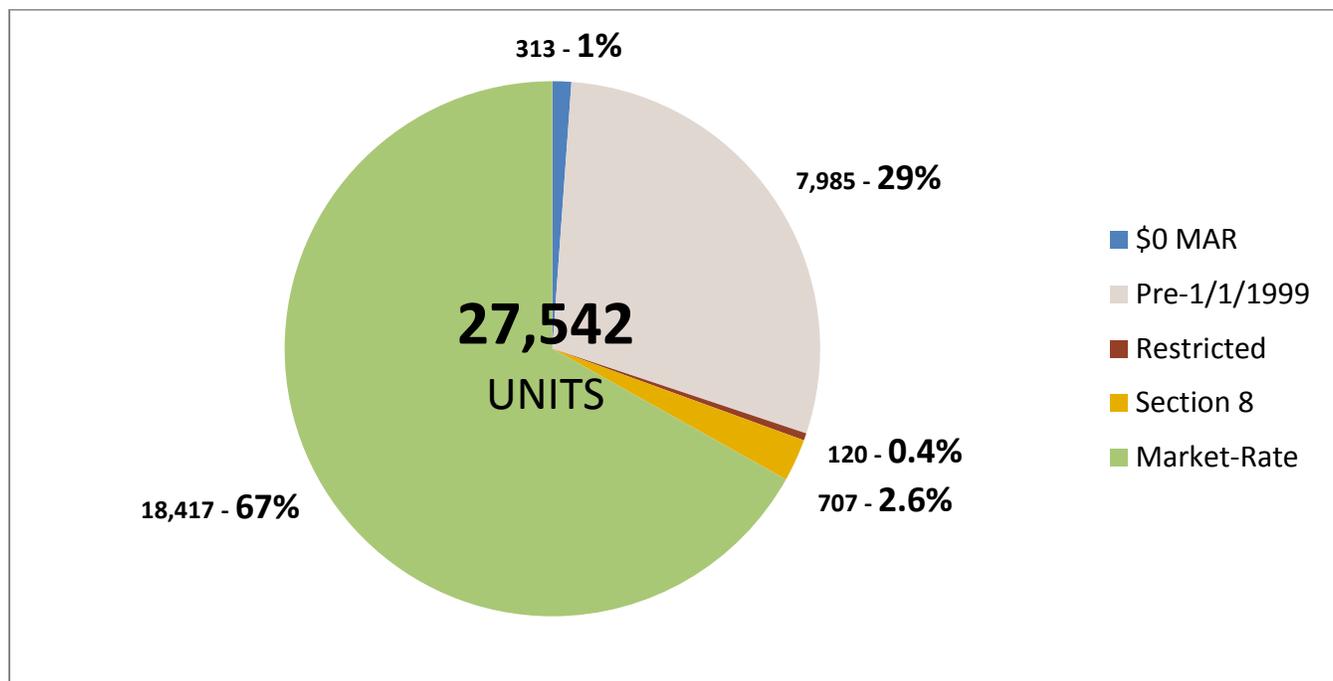
Share of Long-Term and Market-Rate Controlled Housing Stock ▶▶▶

At the end of 2015, more than two-thirds of Santa Monica’s 27,542 controlled units were occupied by renters who moved in after January 1, 1999. Fewer than three in ten units (7,985) remain occupied by tenants who moved in prior to that date. When a long-term tenant vacates a unit and that unit is re-rented, it is subtracted from the number of long-term units and added to the number of units at market rates.

In addition to dividing controlled rental units into long-term and market-rate segments, this year the number of rent-controlled units participating in the Section 8 program are included in the total as are units with certain restrictions on the right to negotiate market rates due to no-fault evictions of prior tenants (i.e. for owner- or family-occupancy). At year end, based on fee waivers filed with the Agency, it appears that 707 units were occupied by tenants participating in the Section 8 program. A small number of units still have no registered rental history and are identified in Figure 4 as \$0 Maximum Allowable Rent (MAR) units. These 313 units are presumed to be owner- or relative-occupied or are not used for a residential rental purpose.

Another change made this year was to eliminate from this analysis several hundred units that have previously been rented but are currently owner-occupied. In earlier reports, these units were categorized based upon their last rental use. This change accounts for the apparent reduction in the number of long-term and market-rate units reported as compared to the 2014 annual report.

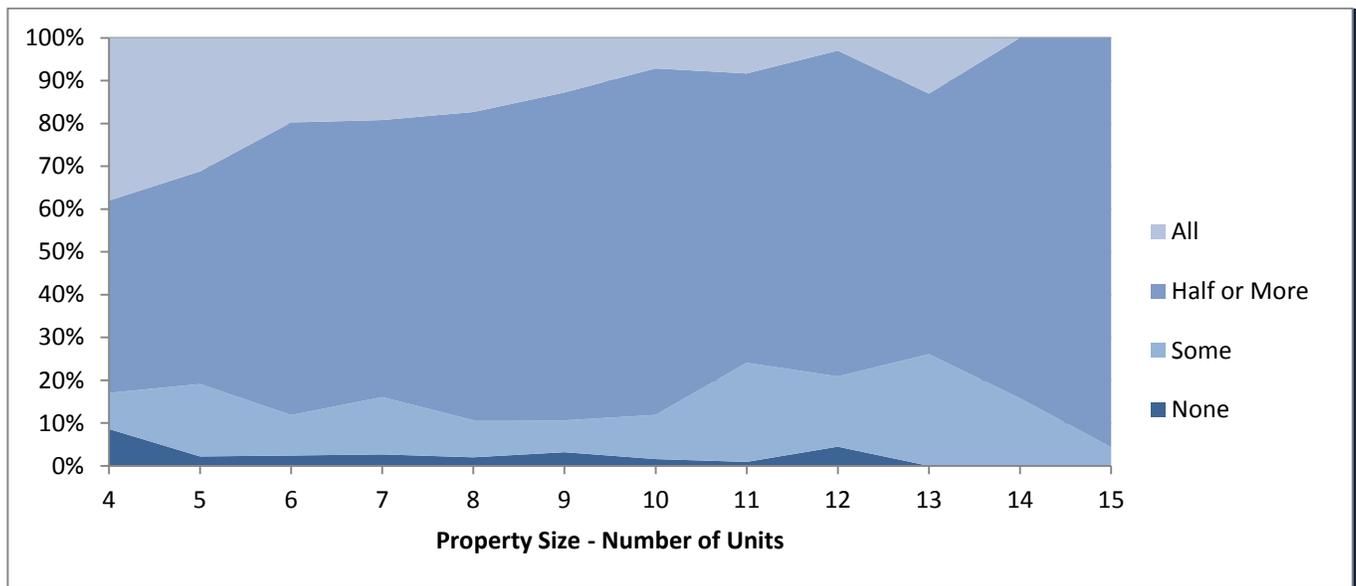
Fig 4 | Controlled Rental Units



Market-Rate Units Widely Dispersed ▶▶▶

Excluding properties with three or fewer units, 90 percent of properties subject to the Santa Monica Rent Control Law are properties with 4- to 15-units. As noted above, long-term tenants continue to occupy 29 percent of controlled units, but that does not mean 29 percent of property owners have not benefitted from vacancy decontrol and higher rental incomes. As shown in Figure 5, the vast majority of properties have units that have rented at market rates. As the top two bands indicate, on average, in more than 80 percent of buildings half or more of the units have been rented at market rates by year-end 2015. The trends indicated in the graph hold true for properties with 16 or more units. Only a small fraction of properties of that size have experienced no market-rate rentals. In most large properties, half or more of the units have been rented at market rates.

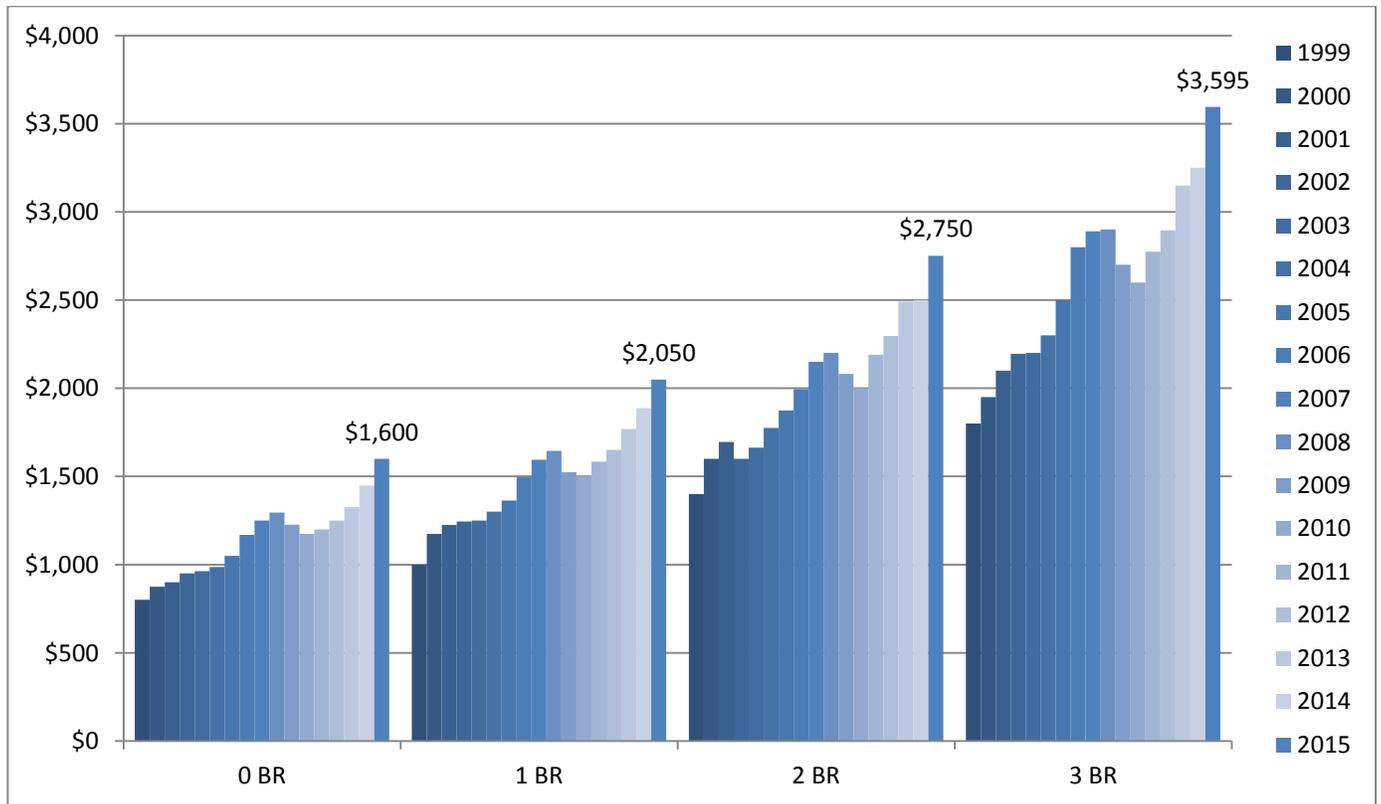
Fig 5 | Share of Market Rentals by Property Size (4-15 Units)



17-Year Review ►►►

Initial rental rates for controlled units in Santa Monica have been trending upward with only occasional dips over the past 17 years, as shown in Figure 6. Property owners were able to command record high rents for new tenancies in 2015 across all unit types citywide. On average, year over year median rents increased ten percent. Rents for 2- and 3-bedroom units appeared to be stabilizing in 2014, increasing on average just one-half of one percent. That reprieve proved to be brief with this year's large increase. As noted in Figure 2 on page 7, 81 percent of the controlled housing stock is composed of 1- and 2-bedroom units. In dollar terms, the median rents for those units increased \$163 and \$250 respectively from just one year earlier.

Fig 6 | Median MARs by Number of Bedrooms



0 Bedroom	1 Bedroom	2 Bedroom	3(+) Bedroom
 up 10.5% 2014=\$1,449 +\$151	 up 8.6% 2014=\$1,887 +\$163	 up 10.0% 2014=\$2,500 +\$250	 up 10.6% 2014=\$3,250 +\$345

If a unit was re-rented more than once in the 17-year period, only the last established market-rate rent is used here. Chart excludes rentals at 1221 Ocean Ave, a luxury property in City Area C where extraordinarily high rents would distort median rents reported. Median rents reported here for prior years may vary from previously reported amounts due to late registration of tenancies by owners and subsequent updates to Board records.

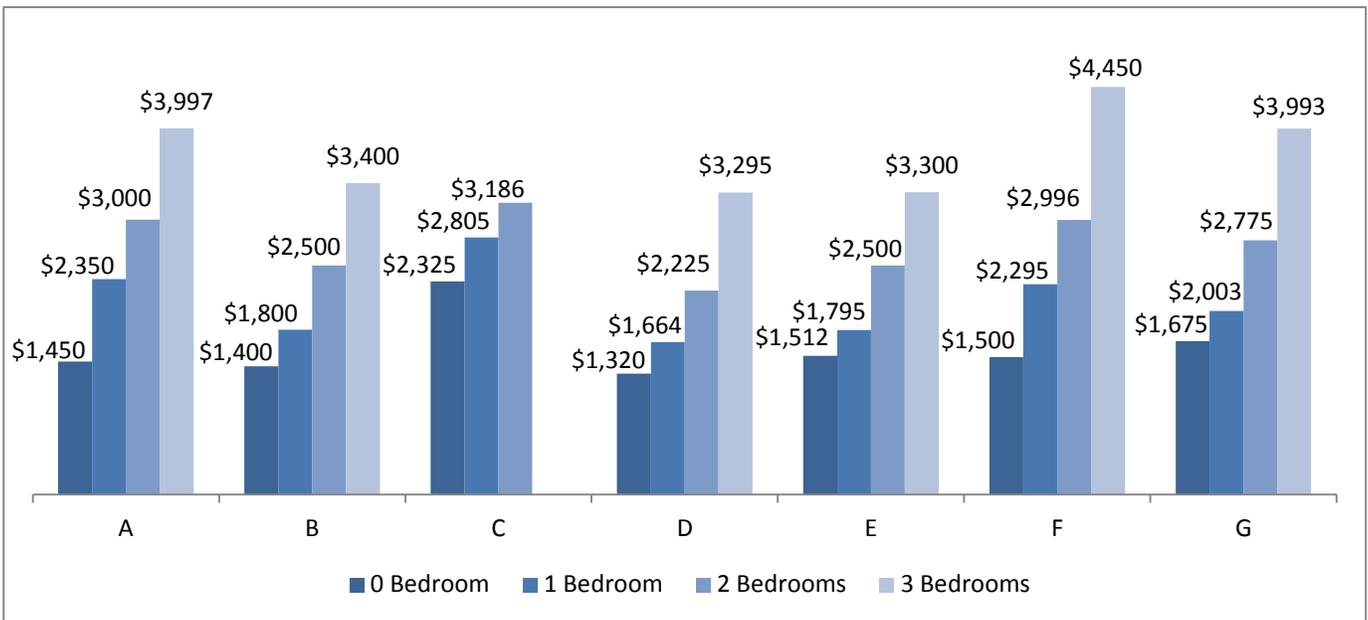
Newly Established Market-Rate Rents in 2015 ▶ ▶ ▶

The number of units rented in 2015 was almost identical to the number of units rented in 2014, 2,838 as compared to 2,862. The median initial rents for the 2,838 units rented in 2015 by city area and unit size are shown in Figure 7. As has been the case in recent years, units in areas near the coast (City Areas A, C and F) rented at rates higher than those inland. While they constitute just 4 percent of controlled units, those located in the downtown area of Santa Monica were the most expensive – roughly \$1,000 more than the least expensive units in the city. The least expensive median rents were established in City Area D, no matter the size of the unit.

Median rent levels reported here and throughout this report are greatly affected by the number of rentals in each category. In any individual city area, the number of units rented by number of bedrooms is relatively small, which results in greater variation in median rents.



Fig 7 | 2015 Initial Rents, Market-Rate Units by City Area



Three-Year Review by City Area ▶▶▶

While Figure 7 analyzes newly set rent levels by city area and unit size, there may be a limited number of re-rentals in any given area from which to report. Similarly, there may be a limited number of re-rentals of units of a certain size. A three-year view of vacancy increases provides a broader perspective of rental rates because the selection set is larger.

During the three-year period from the start of 2013 to the end of 2015, initial rents were set for 7,936 controlled units citywide. The median rents established over this period are reflected in Figure 8 below.

Pursuant to Rent Control Regulation 3304, the Agency may use this three-year review to establish a market-value rent for a unit when a decision is rendered that a tenant does not use that unit as his or her primary residence.



Fig 8 | 2013-2015 Median MARs, Market-Rate Units by City Area



Chart excludes rentals at 1221 Ocean Ave, a luxury property in Area C where extraordinarily high rents would distort median rents reported. Other than at that property, there was only one 3-bedroom unit rented in Area C during the last three years, so no median is reported here.

Current Median MARs ►►►

Once initial rents are set, the Rent Control Law establishes a Maximum Allowable Rent or “MAR” and limits annual increases. Figure 9 shows the current median MARs as of the end of 2015 of all controlled units by city area and unit size, no matter when the tenancies began.

Figure 10 reveals by city area and unit size the difference in median rents of units depending on whether they are occupied by long-term or market-rate tenants. The long-term median MARs are those of units still occupied by tenants who moved in before January 1, 1999. It is not uncommon to see market-rate units renting for twice as much as similarly sized units occupied by long-term tenants in each area.

Fig 9 | Median MARs of All Controlled Units

City Area	0-Bedroom Units	1-Bedroom Units	2-Bedroom Units	3-Bedroom Units
A	\$1,216	\$1,678	\$2,066	\$1,784
B	\$1,024	\$1,365	\$1,846	\$1,905
C	\$1,641	\$1,750	\$2,804	\$3,062
D	\$994	\$1,362	\$1,427	\$1,408
E	\$1,147	\$1,450	\$1,857	\$1,848
F	\$1,195	\$1,750	\$2,221	\$2,345
G	\$1,203	\$1,657	\$2,202	\$2,647

Fig 10 | Median MARs: Market-Rate Units vs. Long-Term Units

City Area	0-Bedroom Units			1-Bedroom Units			2-Bedroom Units			3-Bedroom Units		
	long-term	market	diff.	long-term	market	diff.	long-term	market	diff.	long-term	market	diff.
A	\$613	\$1,339	\$726	\$845	\$1,883	\$1,038	\$1,035	\$2,546	\$1,511	\$1,232	\$3,036	\$1,804
B	\$531	\$1,131	\$600	\$751	\$1,550	\$799	\$881	\$2,066	\$1,185	\$1,206	\$2,282	\$1,076
C	\$731	\$1,950	\$1,219	\$763	\$2,574	\$1,811	\$854	\$3,077	\$2,153	0*	\$11,035	*
D	\$510	\$1,151	\$641	\$700	\$1,504	\$804	\$768	\$1,838	\$1,070	\$966	\$2,521	\$1,555
E	\$630	\$1,240	\$610	\$763	\$1,556	\$793	\$993	\$2,100	\$1,107	\$1,261	\$2,675	\$1,414
F	\$630	\$1,362	\$732	\$918	\$1,903	\$985	\$1,209	\$2,552	\$1,343	\$1,428	\$3,363	\$1,935
G	\$576	\$1,355	\$779	\$807	\$1,795	\$988	\$1,093	\$2,440	\$1,347	\$1,421	\$3,221	\$1,800

*There is no longer any 3-bedroom unit in Area C occupied by a tenant who moved in prior to 1/1/1999. As with Figures 6 - 8, Figures 9 and 10 exclude rentals at 1221 Ocean Ave.

Current Market-Rate MARs by Year of Tenancy Compared to 2015 Median Initial Rents ▶▶▶

As Figure 10 indicates, vacancy decontrol has resulted in median MARs that are much higher for tenants who moved in after 1999 than for long-term tenants. In fact, as each year passes, rates for new tenancies in rent-controlled units are rising. The Rent Control Law’s limitations on the amount of annual rent increases during a tenancy are the only protection against paying these higher rates. Figures 11 through 13 show by unit size and by the year a tenancy started what the current MARs would be – based on the median initial rents set each year since 1999 plus allowed annual general adjustments. Assuming owners are charging the maximum allowable rent, the difference between the amounts indicated on the chart and the 2015 median initial rent represents the savings by move-in year afforded to tenants compared to the market-rate rents established in 2015. For example, a tenant who moved into a studio or 0-bedroom unit in 2010 is paying \$380 less than they would be paying for that unit if they moved in in 2015.

Fig 11 | O-Bedroom Units: 2015 Median Initial Rent = \$1,600

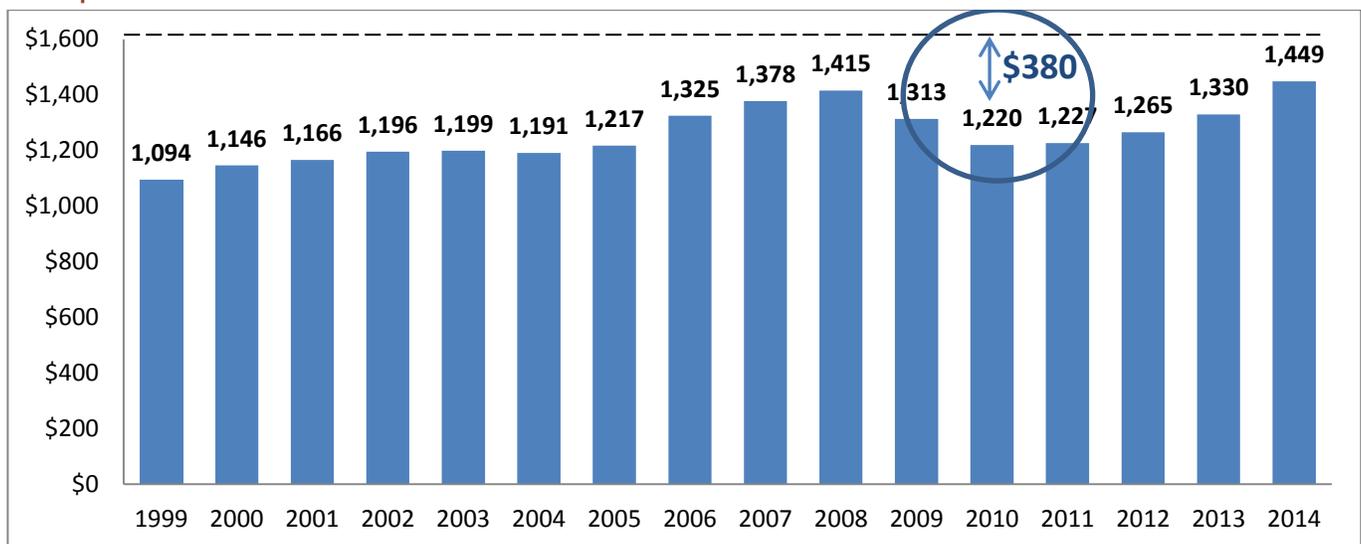


Fig 12 | 1-Bedroom Units: 2015 Median Initial Rent = \$2,050

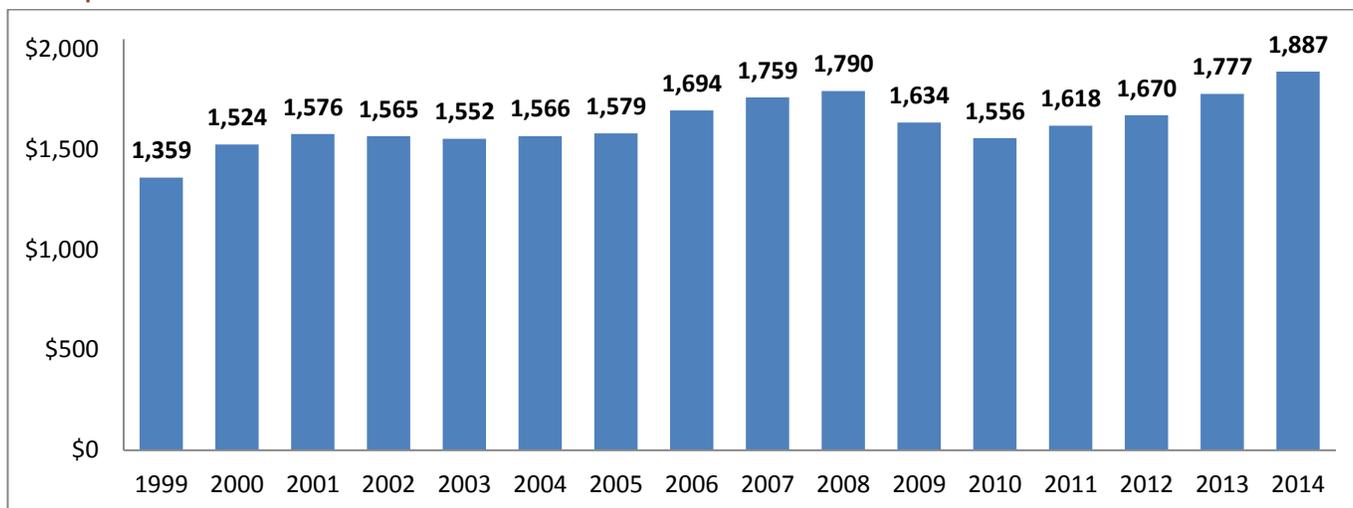


Fig 13 | 2-Bedroom Units: 2015 Median Initial Rent = \$2,750

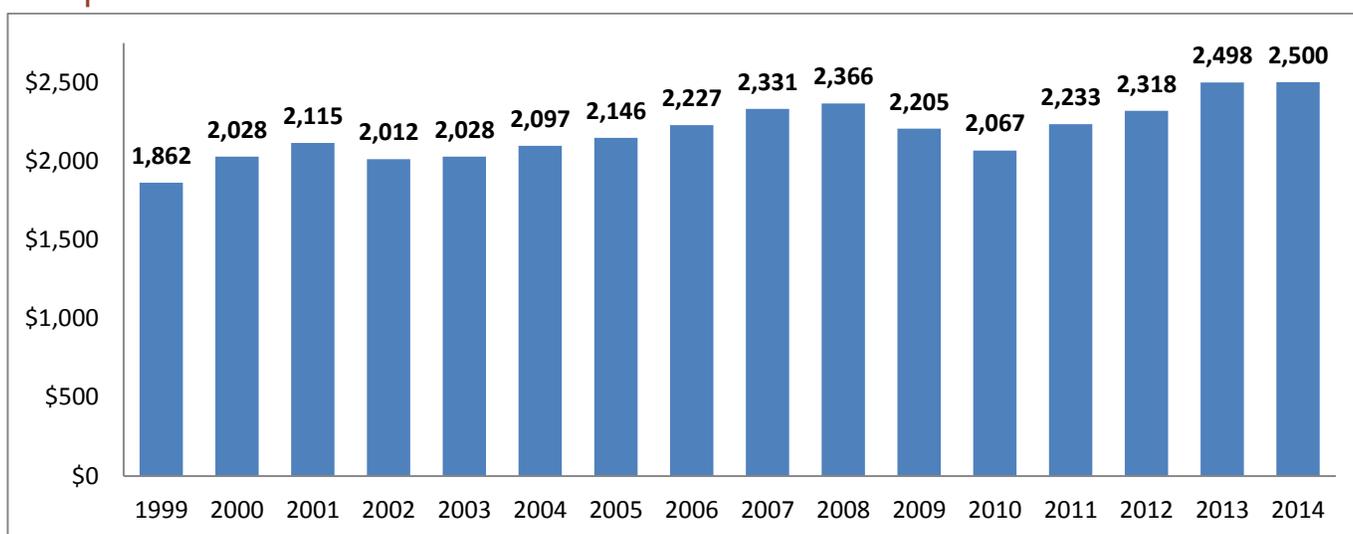
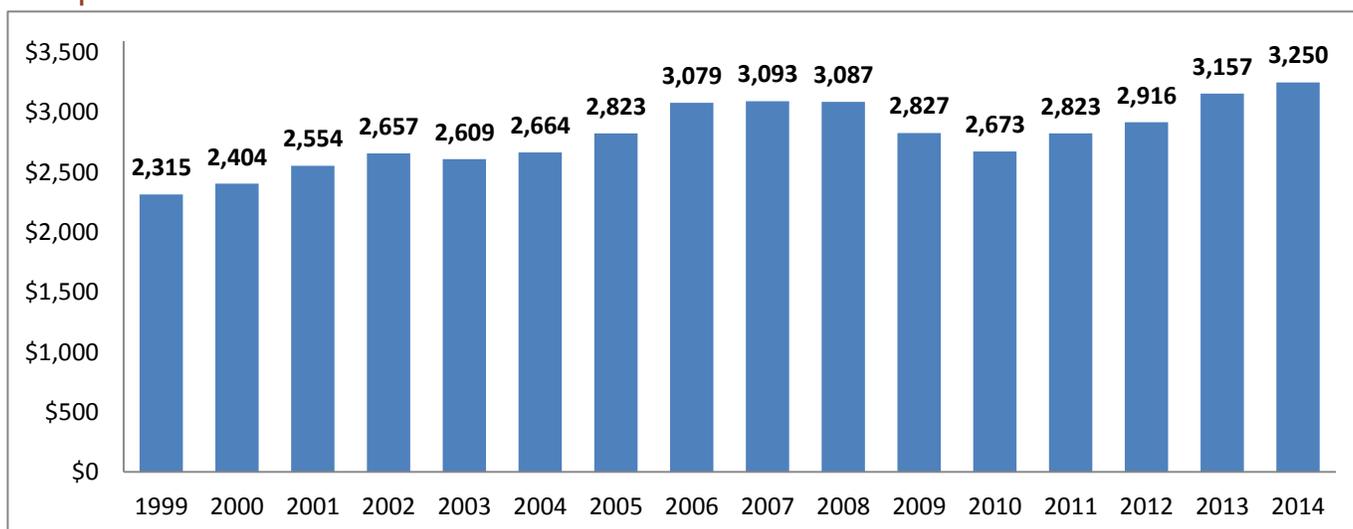


Fig 14 | 3-Bedroom Units: 2015 Median Initial Rent = \$3,595



Affordability Analysis ▶▶▶

Figure 15 shows the median MARs today for all controlled units that have been rented at market rates at least once since 1999. It also shows what the rents would be for those same units had vacancy decontrol not been enacted. In other words, it is an apples-to-apples comparison of the same units before and after vacancy decontrol.

The far right column shows the difference in income that would be required to afford a median-priced market-rate unit compared to what that unit would cost today without vacancy decontrol. Given that the California Department of Housing and Community Development (HCD) reports that Area Median Income (AMI) for a four-person household in the greater Los Angeles area was no more than \$64,800 in 2015, and assuming the U.S. Department of Housing and Urban Development (HUD) recommendation that no more than 30 percent of household income be spent on housing, such a household could not afford even a median-priced studio in Santa Monica. To rent a median-priced 2-bedroom unit or larger in Santa Monica in 2015, and have it considered “affordable” by HUD standards, required at least a six-figure household income. By contrast, had vacancy decontrol not been implemented, any household earning the median household income would have been able to afford any sized unit last year.

Fig 15 | Income Needed to Afford a Market-Rate Unit

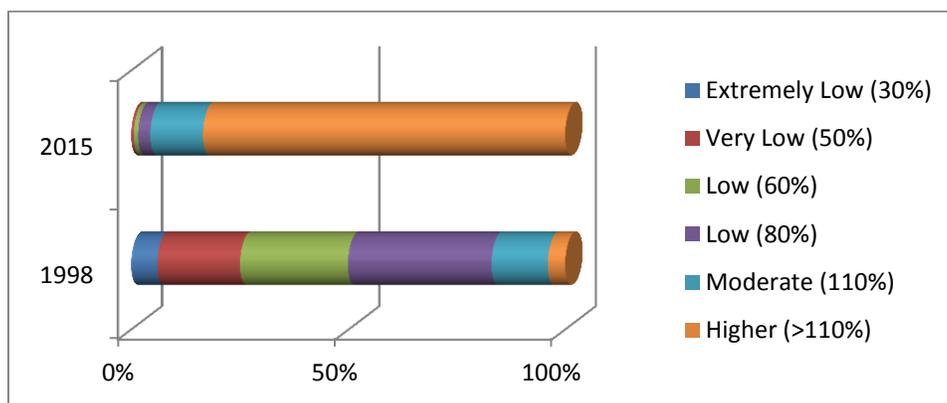
No. of Bedrooms	HUD Affordability Factor	Household Size Adjustment Factor	Without Vacancy Decontrol		With Vacancy Decontrol		Income Difference
			Median MAR	Income Needed	Median MAR	Income Needed	
0	0.3	0.7	\$762	\$43,543	\$1,339	\$76,514	\$32,971
1	0.3	0.8	\$872	\$43,600	\$1,738	\$86,900	\$43,300
2	0.3	0.9	\$1,102	\$48,978	\$2,319	\$103,067	\$54,089
3+	0.3	1.0	\$1,420	\$56,800	\$2,971	\$118,840	\$62,040

Calculation: MAR ÷ [.30 affordability factor] ÷ [household size adjustment factor] x 12 months = Income needed.

Figure 16 shows the availability of controlled rental units for various income categories. Again, the figures assume that no more than 30 percent of income is used for rent. As shown, prior to vacancy decontrol in 1999, rents for 83 percent of units were affordable to households in the low, very low and extremely low income categories. Today, only 4.4 percent of controlled units' rents may be considered affordable to such households. Moreover, more than 83 percent of rent-controlled units require an income that is 110 percent of the AMI or greater. The availability of units by income category is represented graphically below. The bands show availability across the income spectrum in 1998 with little availability for all but the highest income groups as of 2015.

Fig 16 | Comparison of Affordability of Market-Rate Rental Units by Income Category, 1998 versus 2015

Income Category	1998		2015		Change (+/-)
	Units	%	Units	%	
Rent Level Affordability					
Extremely Low (30%)	1,109	6.0	3	0	-99.3%
Very Low (50%)	3,495	19.0	114	0.6	-96.2%
Low (60%)	4,572	24.8	186	1.0	-95.2%
Low (80%)	6,104	33.1	517	2.8	-89.2%
Moderate (110%)	2,387	13.0	2,224	12.1	15.0%
Higher (>110%)	750	4.0	15,373	83.5	1,861.2%



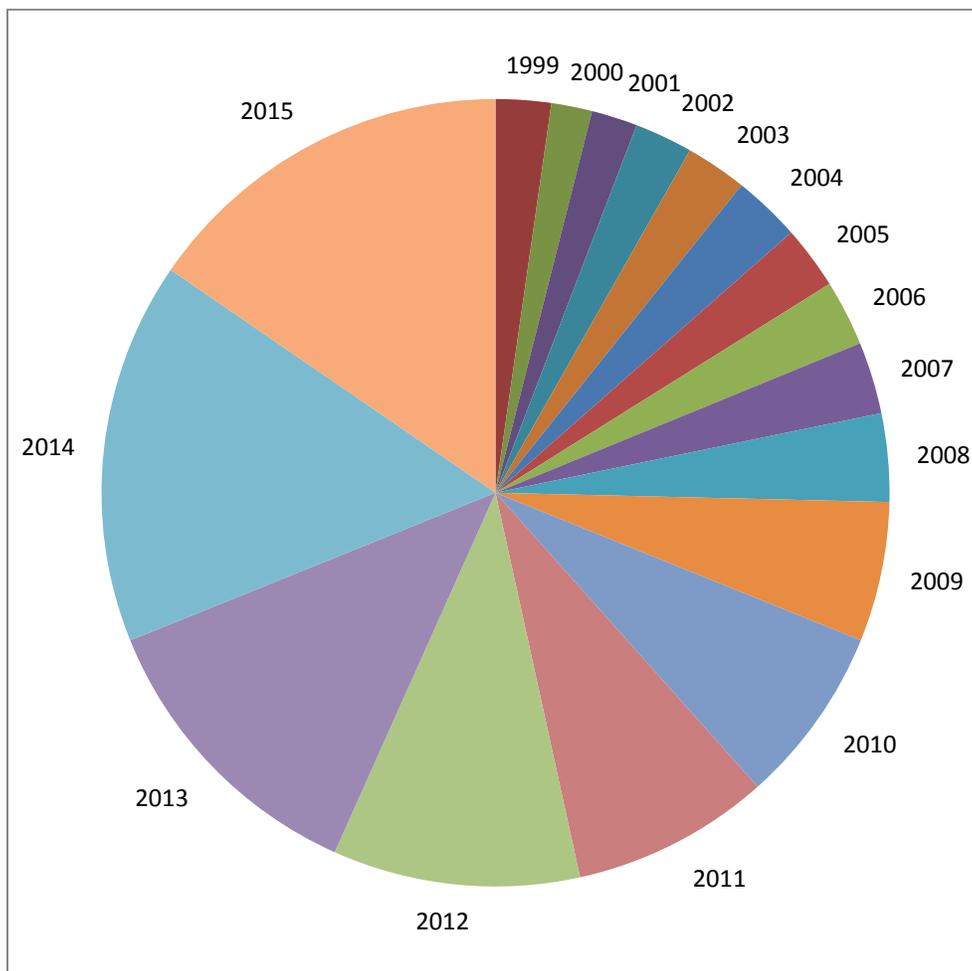
The New Santa Monicans ▶▶▶

Fewer than 30 percent of units under rent control remain occupied by tenants who moved in prior to vacancy decontrol. With initial rental rates for new tenants rising annually to currently roughly double the rent long-term tenants pay, it is not surprising that turnover among units occupied before 1999 remains low. These tenants are a stable component of Santa Monica having lived in the city for 16 or more years.

Most turnover of controlled rental units is among market-rate tenants. Of the 18,417 units that are now at market rates, more than 60 percent have tenancies that began in the last five years. One-quarter of the units at market rates are occupied by people who moved in between 1999 and 2008. Given the relative savings on rent as shown in Figures 11 through 14, it is not surprising that these people are choosing to remain where they live.

75%
Percentage of market-rate units with tenants who moved in since 2009

Fig 17 | Market-Rate Units by Year Occupied



Wide Range Housing Challenge ▶▶▶

As shown above, rental costs for available units of all sizes are rising dramatically in Santa Monica. Initial rents increased on average 10 percent from 2014 to 2015 alone. This is on top of what had been record rent levels reached in prior years. This creates a challenge for all but the wealthy to find housing in Santa Monica. To “afford” (by HUD standards) anything larger than a 1-bedroom unit requires a household income now of more than \$100,000 per year.

At the other end of the spectrum, households with the lowest income levels face huge challenges, not only in Santa Monica but in surrounding communities as well. Here, Santa Monica’s commitment to developing and providing affordable housing has helped. Community Corporation of Santa Monica, the City of Santa Monica’s Housing Division and the City’s Housing Authority, which administers the Section 8 program, attempt to provide assistance to those who need it most. Still, the number of available units is not keeping pace with demand.

The housing crisis is acute for middle-income households as well. With a median household income, a family cannot even afford a studio-sized apartment here. For a median-income household to live in Santa Monica, sacrifices would likely have to be made – increasing the number of occupants per unit, becoming rent-burdened by spending more income on housing than is recommended, or by spending less on other items to make the rent. Were owners collecting the maximum allowable rent for each unit tracked by Rent Control, more than \$560 million a year in total would have been paid to owners for controlled rental housing last year. That’s \$80 million more than what could have been commanded five years earlier.

Santa Monica’s City Council has acknowledged the challenge of maintaining housing affordable to people at all income levels. In August 2015, the Council unanimously adopted five priorities that are expected to have the greatest affirmative effect on community safety, wellbeing, prosperity, quality of life and sustainability. One of the Strategic Goals is Affordability. The focus of this goal is on maintaining an inclusive and diverse community, through efforts like increasing affordable housing, raising workers’ incomes, and helping Santa Monicans stay in their homes. While the challenges are huge, the City Council’s commitment to finding ways to maintain housing affordability has not waived.

Impact of the Ellis Act

The year 2015 marks the 30th year of the existence of the Ellis Act. At the time of its passage, it is doubtful anyone could have foreseen the severe impact of the law including the loss of thousands of rent-controlled units and the corrosive effect on the affordable housing stock in Santa Monica. This report is a continuing examination of that impact, tracking units removed from the rental market, units returned to residential rental use, and the ultimate use of withdrawn properties, particularly during calendar year 2015.

Continuing to ride a resurging economy, withdrawal notices rose by more than a third in 2015 as compared to 2014, and the number of units affected increased by more than 80 percent.

22

Withdrawal notices
filed in 2015

153

Units affected by notices
filed in 2015

86

Occupied units affected by notices
filed in 2015

2,019

Net total of units withdrawn from
Santa Monica's rent-controlled
housing stock since 1986

Applications to Withdraw Continue an Increase Begun in 2014

After a downturn in Ellis activity tied to a slumping economy between 2008 and 2013, a sharp increase in activity that began in 2014 continued in 2015 on the heels of an economic resurgence.

Between 2013 and 2014, withdrawal notices rose by nearly 75 percent, (from nine notices in 2013 to 16 notices in 2014) and units affected almost tripled (from 29 units in 2013 to 85 units in 2014). The upswing continued in 2015 with 22 withdrawal notices filed affecting 153 units. The comparison from year to year is shown in Figure 18 on page 24.

Withdrawn Units

Thirteen properties (47 units) completed the withdrawal process in 2015, resulting in 13 evictions. The remaining units were vacant or being used by the owner. This total includes one eight-unit property and one 18-unit property, both of which started the process in 2014 but did not complete it until 2015. (Units on each of the properties were occupied by senior or disabled tenants who qualified to extend their period to relocate to one year.)

Ellis Coordinators are monitoring three properties in City Areas G and E, the withdrawals of which were scheduled to be completed in 2015. As of this writing, tenants remain on each property, and thus the properties are not yet considered to have

completed the Ellis withdrawal process. In addition to the above three properties, one property in Area B was awaiting the results of an on-site investigation at the end of 2015 and so was not included in the properties withdrawn in 2015.

Units Pending Withdrawal

Under the Ellis Act, a property is deemed withdrawn from the rental market four months after the owner delivers a withdrawal notice to the tenants and Board, but the withdrawal period can be extended to a year for units occupied by senior or disabled tenants. At the end of 2015, 20 properties (220 units) had not yet completed the statutory waiting period required under State law and were still pending withdrawal. These pending withdrawals are expected to be completed in 2016. Figure 19 on page 25 shows that approximately 56 percent of the units on which the Ellis process was started in 2015 were occupied by tenants at the time the notice was served. The other 44 percent were either vacant or being used by the owner.

Units Returned to Rent Control Jurisdiction

Seven formerly withdrawn units (on two properties) were returned to residential rental use in 2015. Two previously withdrawn properties, each with six units, were found by staff to be rented and were returned to residential rental use in 2015. Taking into account the 47 units withdrawn this year that

were noted above, there was a net loss of 28 rental units in 2015.

In previous years, when a property was withdrawn from the rental market and some units on the property had previously been granted commercial or non-rental exemptions, the exempt units were not counted as withdrawn under the Ellis Act. Because the Ellis Act specifies that all units within a building must be withdrawn, those units should have been included in the withdrawal counts. These units have been added to the count of total units

withdrawn, resulting in an increase of 18 units withdrawn from the rental market.

Figure 20 on page 26 illustrates the number of units withdrawn, along with the number returned to the rental market each year from 1986 through 2015. Since it was enacted in 1986, the Ellis Act has been used to withdraw 2,785 units from the Santa Monica rental housing market. A total of 766 of these units have returned to residential rental use, resulting in a net loss of 2,019 units.

Fig 18 | Ellis Withdrawal Notices and Units Affected (2009 – 2015)

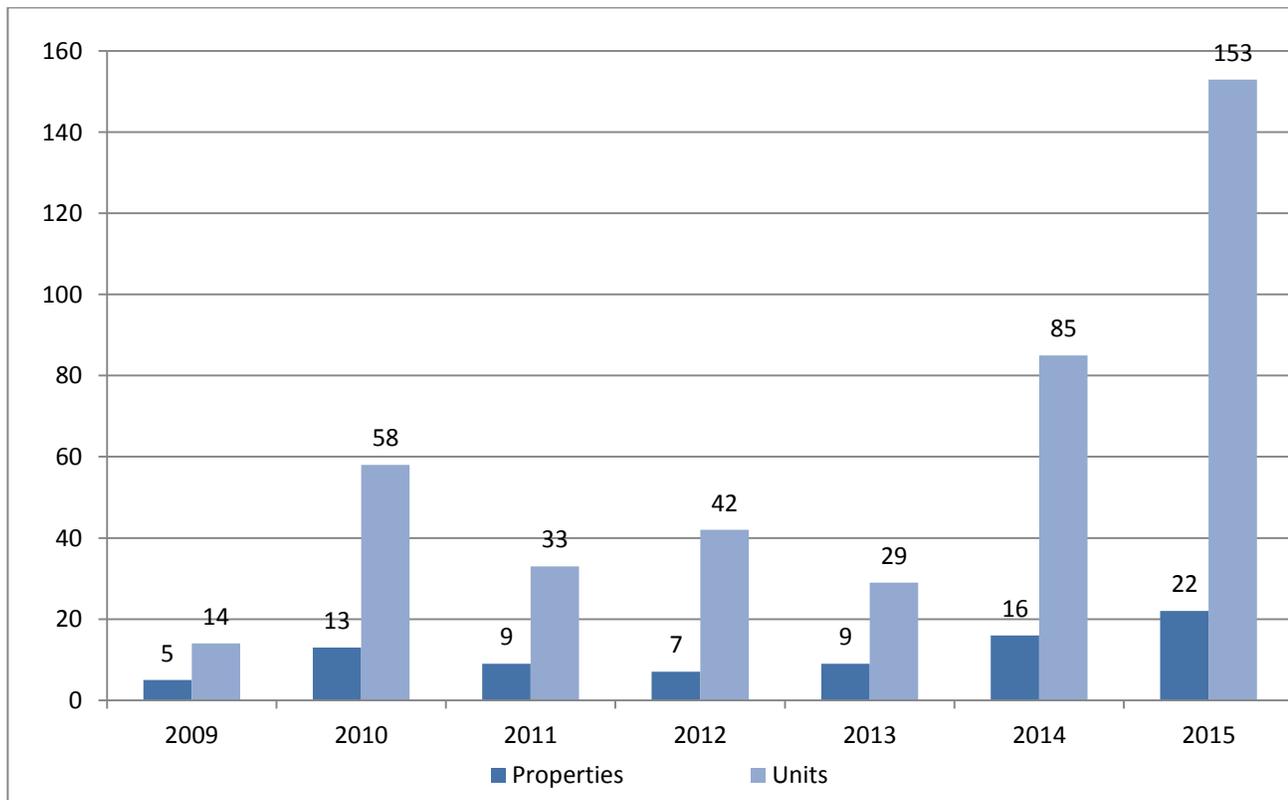


Fig 19 | Ellis Notices of Withdrawal in 2015

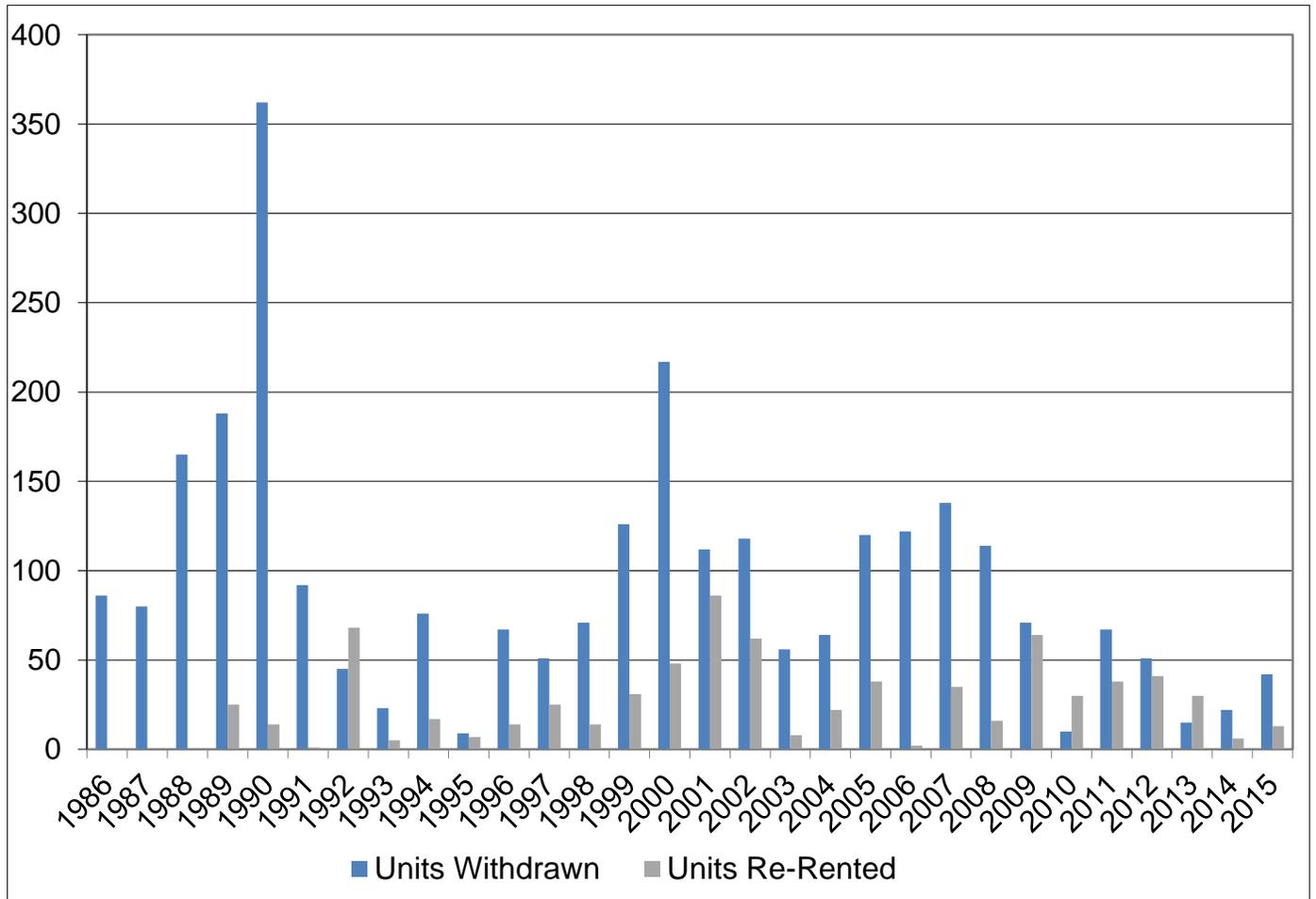
Location	City Area	Filing Date	Status as of 12/31/15	Units Withdrawn	Vacant	Owner Use	Total Evictions	Senior Tenants Evicted	Disabled Tenants Evicted
Exposition Bl.	D	1/30/15	Pending	4	0	1	3	1	1
11 th St.	E	2/12/15	Withdrawn	3	3	0	0	0	0
2 nd St.	C	2/12/15	Pending	49	25	0	24	12	3
17 th St.	G	2/23/15	Withdrawn	2	1	1	0	0	0
3 rd St.	A	2/23/15	Pending	6	3	0	3	2	1
Marine St.	A	5/20/15	Withdrawn	3	3	0	0	0	0
Princeton St.	E	6/4/15	Withdrawn	2	1	0	1	0	0
Pacific St.	B	6/8/15	Withdrawn	2	2	0	0	0	0
20 th St.	G	6/18/15	Pending	10	7	0	3	2	0
Appian Way	C	7/1/15	Pending	4	1	0	3	0	1
3 rd St.	F	7/2/15	Pending	2	0	0	2	0	0
20 th St.	G	7/16/15	Pending	10	8	0	2	2	1
Harvard St.	G	7/23/15	Withdrawn	1	1	0	0	0	0
Pier Ave.	B	9/28/15	Pending	1	1	0	0	0	0
California Ave.	G	11/2/15	Pending	4	1	0	3	0	0
Hollister Ave.	A	11/10/15	Pending	8	1	0	7	1	0
20 th St.	E	11/16/15	Pending	10	2	0	8	1	0
5 th St.	A	11/17/15	Pending	3	0	0	3	3	0
5 th St.	A	11/17/15	Pending	2	1	0	1	0	0
5 th St.	A	11/17/15	Pending	4	1	0	3	0	0
Montana Ave.	G	12/16/15	Pending	6	4	2	4	1	0
Ocean Front	C	12/17/15	Pending	17	1	0	16	0	0
Totals				153	67	4	86	25	7

City Area	Total Units	%
A	26	17
B	3	2
C	70	46
D	4	3
E	15	10
F	2	1
G	33	22
Total	153	



Historical Ellis Activity ▶ ▶ ▶

Fig 20 | Controlled Rental Units Withdrawn and Re-Rentals Returned to Controlled Status



Status	Units	Properties
Withdrawn from the rental market	2,785	578
Returned to the market and under rent control	766	154
Net loss due to withdrawal	2,019	424

Note: Properties are sometimes remodeled or redeveloped and returned to the rental market with a different number of units than existed when the Ellis withdrawal took place. This occurred with eleven properties that returned to the rental market, resulting in a 21-unit difference in the number of units withdrawn and later returned to residential rental use.

Post-Ellis Activity ▶▶▶

After withdrawal, properties are monitored to ensure compliance with laws that are effective upon withdrawal. These include the Ellis Act’s prohibition on use of withdrawn units for residential rental purposes as well as the City’s requirement that a re-occupancy permit be obtained for most other uses. In 2015, little change was seen in the use of properties withdrawn from the rental market. Residential development remains the most common use. Approximately 37 percent of the properties have been redeveloped, or are in the process of being redeveloped, for multi-family residential use, either as condominiums or apartments. Some also include a commercial or mixed-use component. This year the number of properties designated as condominiums dropped by three. That drop can be attributed to three properties on Pico Boulevard that were to be developed as condominiums but are now to be developed as apartments; therefore, they are now included in the count of properties designated to be developed as apartments.

Approximately 23 percent of withdrawn properties are being used for a non-residential purpose (commercial, schools/childcare centers/churches, parking lots or vacant lots). Of these 95 withdrawn properties, 62 were demolished and replaced with new construction and 33 were converted to a non-residential use.

Twenty percent of withdrawn properties are being used as single-family dwellings (56 new structures, 28 properties converted to use as single-family dwellings). Slightly more than 20 percent are being used for non-rental residential occupancy (i.e., family occupancy) or show no permit activity and have been left vacant but otherwise unchanged. Figure 21 shows the current status of all 424 properties that remain withdrawn since the inception of the Ellis Act.

Fig 21 | Summary of Post-Ellis Use of Withdrawn Properties

Post-Ellis Use	End of 2015 Totals	
Apartments	22	5%
Apartments / Mixed Use	20	4%
Condominiums	117	28%
Condominiums / Mixed Use	1	<1%
Single-Family Dwellings	84	20%
Commercial	54	13%
Parking Lot	12	3%
School / Childcare / Church	17	4%
Vacant Lot	12	3%
Totals	339	
Family Occupancy / No Activity	85 ¹	20%
Grand Totals	424	100%

¹ Thirty-eight of these properties have received re-occupancy permits. One additional property did not require a permit.

Board staff investigations in 2015 yielded the following results

- Staff discovered an advertisement listing rentals on a withdrawn six-unit property in Area E. An on-site visit confirmed that several units had been rented. The Board asserted jurisdiction and deemed the property to have been returned to the rental market. The new owners responded by paying the registration fees owed by owners of rent-controlled properties. The Board contacted the previously displaced tenants and advised them of their right to request an offer to re-rent their units at market rate; none expressed an interest. The owner was only required to offer to renew tenancies at market rate because the property was re-rented more than five years after its withdrawal.
- The new owner of a six-unit withdrawn property in Area G contacted the Board and informed staff that he re-rented the property. An on-site visit confirmed that all the units were rented. The Board asserted jurisdiction and deemed the property to have been returned to the rental market. The new owner paid the registration fees owed by owners of rent-controlled properties. The Board contacted the previously displaced tenants and advised them of their rights for either monetary damage (if their units were rented without them receiving an offer to renew tenancy) or to request an offer to re-rent their units at market rate; none expressed an interest. The owner was only required to offer to renew tenancies at market rate because the property was re-rented more than five years after its withdrawal.
- A new five-unit building in Area G was constructed on a property where the previous five rent-controlled units had been withdrawn. Staff learned that units in the new building were re-rented within five years of the previous building's withdrawal under the Ellis Act, which subjects the new units to rent control under State law and Board regulations. The Board asserted jurisdiction and deemed the property to have been returned to the rental market and subject to the Rent Control Law. The owners met with staff who advised them of their responsibilities under the Rent Control Law. Their registration of the new units and payment of registration fees is still pending.



37%

**Withdrawn properties redeveloped for multi-family use.
(13 of these properties were returned to Rent Control jurisdiction because they were
built and offered for rent within five years of withdrawal.**

Conclusion ▶▶▶

With more than \$287 million in apartment transactions in Santa Monica in 2015 (one property in Area F sold for \$16.1 million and three months later sold for \$19 million), this beachside city is a prime real estate magnet for investors. Withdrawal notices have risen dramatically in the last few years, from nine notices affecting 29 units in 2013, to 16 notices affecting 85 units in 2014, to 22 notices affecting 153 units in 2015. With an economy in continuing recovery, this trend will likely persist, accelerating the loss of rent-controlled housing that, for a time, had at least moderated.

Ellis activity in 2015 resulted in 82 tenant households forced to look for new housing in a very hot rental market. Local preferences which allow qualifying low-income households evicted under the Ellis Act to move to the top of the wait list for both the City's Housing Voucher program and Community Corporation of Santa Monica's affordable housing, resulted in some households finding new rental units in Santa Monica. Included within this group was a single parent household with a minor child in the local schools. Until she found a unit with Community Corporation of Santa Monica, this single mother expressed great anxiety about uprooting her child from his school and friends and relocating within just four months.

Tenants who do not qualify for housing preferences are often forced to relocate outside of Santa Monica to find housing they can afford.

Policies & Programs

Public Information Department

Santa Monica Rent Control staff members communicate regularly with a variety of constituents, including tenants, property owners and managers, real estate agents and other City departmental staff. Mailings, seminars, community meetings and interdepartmental meetings provide opportunities to discuss Rent Control Law applications in specific contexts and to coordinate solutions.

Public Outreach and Inter-Agency Activity ▶▶▶

Newsletters

The Santa Monica Rent Control Agency publishes a newsletter, the *Rent Control News*, twice a year --- in the spring and fall. A Spanish version is available on request. Articles usually address changes to the Rent Control Law as well as State and City laws that affect tenants and owners of residential rental property in Santa Monica.

In 2015, articles in both spring and fall newsletters reminded tenants and owners of the continued, crucial need to conserve water. The possibility of penalties for water use beyond the City's established Water Use Allowance and the possible pass-through to tenants of a share of these costs was mentioned. The strengthening of the anti-harassment ordinance by City Council and the subsequent regulation of "buyouts" was also covered in both issues.

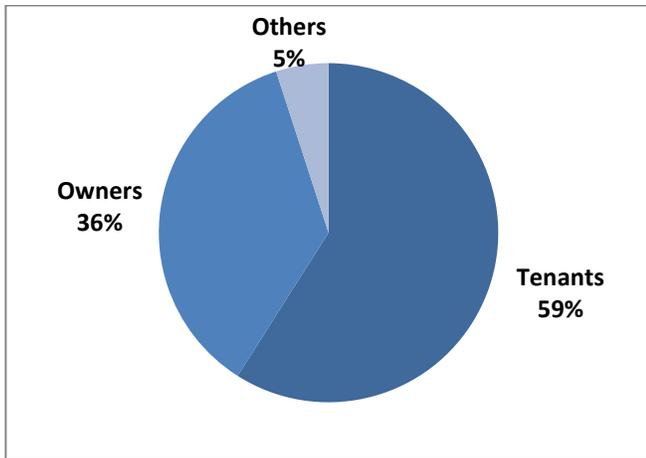
Other articles included current topics such as the City's plan to develop a seismic safety retrofit program for potentially dangerous structures and the energy-saving assistance program for income-

qualified residents. Owners and tenants were alerted to the importance of new rent notices each year and the potential problems with form leases.

Newsletters mailed to tenants included the current maximum allowable rent (MAR) for the unit according to the Agency's records.

Notices of upcoming seminars and inter-agency events were included in each newsletter. Copies of recent newsletters may be viewed on the Agency's website.

Fig 22 | Contacts with the Public in 2015



13,211

Contacts with the public requesting information in 2015

54,075

Total website hits in 2015

35,422

Unique website visitors in 2015

35%

Telephone and counter contacts with property owners or their representatives

Electronic Communications

Constituents who prefer receiving periodic e-mails regarding Board meeting agendas, newsletters and announcements may complete a sign-up form on the Board’s website at www.smgov.net/rentcontrol.

Educational Programs

Rent Control staff members participate in a variety of events organized to interact with the community and convey information about the Rent Control Law. Some of these events are part of a larger, citywide occasion like the annual spring Santa Monica Festival, and others are a forum to disseminate information and for questions and answers.

Every year, the Agency presents seminars tailored specifically to owners and tenants. Those seminars for 2015 were:

- Owning Rental Property in Santa Monica
- Tenant Seminar on the Rent Control Law
- Calculating the Annual Rent Increase
- Rental Property Maintenance (co-presented with the Santa Monica Code Compliance Division and Los Angeles County Health Department)
- Landlord/Tenant Forum (offered in collaboration with the Consumer Protection Division of the City Attorney’s Office)

Upon request, smaller presentations are prepared for specific groups, such as realtor associations or building-specific tenant organizations. In 2015, staff addressed the Beverly Hills Realtors Association at its annual meeting and attended building-wide meetings at several controlled properties.

Public Inquiries		
Telephone	Public Counter	Email
10,248	2,169	794

Temporary Relocation Counseling

Santa Monica law requires that owners pay a tenant's expenses in certain situations when the tenant is forced to vacate an apartment temporarily. Some examples of when an owner must pay relocation costs are for termite fumigation or "tenting" of a building, for extensive repair or remodel work where a unit becomes temporarily uninhabitable, and when the City orders tenants to temporarily leave because of code violations.

If a tenant is relocated for less than 30 days, the tenant must be paid an amount intended to cover temporary housing, food, laundry and pet boarding. The City Council has set fixed amounts to cover these expenses. If a tenant is relocated for 30 days or more, the tenant is entitled to alternate comparable rental housing.

The Rent Control Agency assists tenants in obtaining temporary relocation benefits and assists landlords in complying with temporary relocation requirements. Assistance typically involves educating tenants and landlords about their rights and responsibilities under the temporary relocation law. It also involves interacting with the staff of the City's Code Compliance Department to clarify whether the tenant is entitled to relocation and, if so, for how long. Additionally, in cases where landlords are reluctant to pay relocation fees, Rent Control staff refers the matter to the Consumer Protection Division of the City Attorney's Office for enforcement.



78

Eviction notices received
in 2015

Eviction Monitoring

The Rent Control Agency monitors evictions for two main reasons:

- 1) To ensure compliance with the Rent Control Law, which limits the grounds for eviction; and
- 2) When a tenant is evicted without fault (for example, so an owner can move onto the property), the rent for the next tenancy in the unit is restricted to the pre-eviction level plus intervening general adjustments.

Eviction monitoring was enabled by an amendment to the Rent Control Law in 2002 that requires property owners to file with the Agency copies of any eviction notice terminating a tenancy, except when the reason is nonpayment of rent. An owner's failure to submit the copy to the Board within three days of serving the tenant may be used by the tenant as a defense in an eviction action.

The Board received 78 separate notices of eviction in 2015 (this does not include notices for Ellis withdrawals, but does include nine notices for non-payment of rent and one notice related to the granting of a removal permit). The notices included 27 for alleged nuisance, 31 for breach of contract (lease terms), two for illegal subtenants, and two for a tenant's alleged refusal to provide access to their unit. Six notices of eviction were received for owner move-ins.

In 2010, Measure RR changed the law to require owners to give warning letters to tenants prior to starting an eviction action for breach of contract, nuisance or denying reasonable access to a unit. The warning letter gives tenants an opportunity to correct the problem identified before it rises to a cause for eviction. The law does not require owners to file warning letters with the Rent Control Board. Nevertheless, 49 warning letters were received.

Participation in Inter-Agency Committees

Rent Control staff members participate in several of the City's interdepartmental groups designed to educate employees about the City's larger comprehensive goals.

The *Public Information Team* (also known as the PIT crew) meets once a month. The objective of this group is to enhance communication among City staff and with the public at large for various endeavors such as events, festivals and emergency preparedness.

The *Sustainability Advisory Team* meets during the year to discuss ways City departments can meet sustainability goals.

The newly formed *Senior Task Force* meets once a month and is overseen by Human Services. Staff members from various City divisions, as well as Legal Aid, Wise and Healthy Aging, meet to coordinate ways to help seniors in danger of losing their apartments due to a hoarding disability.

The *Electric Vehicle Infrastructure Task Force* meets periodically to discuss issues and develop plans to enhance electric vehicle charging opportunities throughout the city.

Smaller groups, organized to accomplish the specific tasks of normal operations of the City, meet as the need or opportunity arises. Rent Control co-sponsors the Maintenance of Residential Rental Property seminar with Code Enforcement and communicates with the City Attorney's Office and Code Enforcement regularly regarding relocation disputes and challenges.

Apartment Listing Service

The Rent Control Agency provides a free service for landlords to advertise their available rental units in the city. The list of available apartments is updated weekly and may be obtained on the Board's website at www.smgov.net/rentcontrol or at the office in City Hall.

Owners can submit a listing by telephone or in person at the Rent Control office or by using a convenient e-mail form on the Agency's website. The listing includes the unit's address, number of bedrooms and bathrooms, rent amount, amenities, phone number, contact person and brief comments. In 2015, the Rent Control Agency received 47 listings.

Fee Waivers

The Rent Control Agency may approve waivers of Rent Control registration fees for units occupied by owners, subsidized by HUD (Section 8 and HOME) or other affordable housing programs, or occupied by very-low-income tenants who are senior or disabled people. There are also fee waivers for condominiums and single-family dwellings for which rent restrictions have been lifted pursuant to the Costa-Hawkins Rental Housing Act.

The change in the number of low-income senior fee waivers since the full implementation of vacancy decontrol 16 years ago is noteworthy. At the end of 1998, 791 tenants held senior fee waivers. As the following table shows, there were only 255 senior fee waivers as of December 31, 2015.

The following table shows the number of fee waivers of each type that were active in 2015, along with the change in the quantity from 2014.

Type of Fee Waiver	As of 12/31/15	Change from 2014
Low-income senior	255	-13
Low-income disabled	96	-4
Owner-occupied	2,176	-30
Single-family dwelling	1,517	+35
HUD subsidized (Section 8)	713	-35
HOME/Tax Credit Units	173	0
Total fee waivers	4,930	-47

Policies & Programs

Hearings Department

The Hearings Department handles tenant- or landlord-initiated petitions, complaints and applications. It conducts mediations and hearings to assist members of the public seeking to resolve rent control-related issues.

Mediation ▶▶▶

The Hearings Department provides mediation services as part of the decrease petition and excess rent complaint processes, as well as for some matters not raised by petition. Mediation is provided as a means to settle disputes without the need for a hearing. Participation in mediation is voluntary.

Why it Works

Settling disputes through mediation, with the help of a trained facilitator (the mediator), is often less confrontational and allows the parties to safely air their differences and reach a mutually satisfactory agreement. Mediation provides an opportunity to tailor solutions that meet each party's specific needs.

Success rate The mediators have been very successful in settling a large percentage of cases, in whole or in part, resulting in fewer hearings or narrowing the issues to be considered at a hearing.

Hearings ▶▶▶

Hearings are held for decrease and excess rent cases not fully resolved through mediation and for all other types of petitions, complaints and situations for which Rent Control regulations call for a hearing. If a party disagrees with the outcome, the hearing officer's decision may be appealed to the Rent Control Board. Appeals are reviewed and Board action recommended by the Board's Legal Department. Contested applications for exemption of two- and three-unit owner-occupied properties are referred to the Hearings Department for a hearing, resulting in a recommendation to the Board. Contested lapses of such exemptions may also be referred for a hearing and recommendation to the Board.

How it Works

At the hearing, the hearing officer takes evidence from the parties, including witness testimony and documentary evidence. If appropriate to the issues in the case, a hearings staff investigator will visit a property before the hearing to document the conditions and then present that evidence at the hearing. In most cases the hearing is concluded in one day. Some cases are more complex and require multiple hearings. After the hearing process, the hearing officer reviews the evidence and issues a detailed written decision.

Petitions and Complaints ▶▶▶

Individual Rent Adjustments:

Decrease Petitions

Tenants whose rental units need repairs or maintenance, or whose housing services have been reduced, may petition to have their monthly rent decreased. A tenant must first request in writing that the owner repair the problem or restore the service. If the owner does not meet this request, the tenant may petition for a rent decrease. When a decrease petition is filed, a mediation settlement conference is scheduled in an attempt to resolve the issues without a hearing. Matters not resolved in mediation go to a hearing, where the hearing officer will consider all of the evidence and issue a written decision that could include the granting of a rent decrease if warranted.

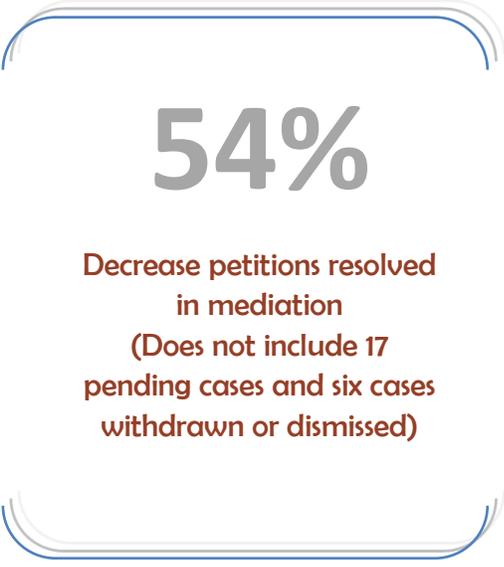
Reinstatement of Decreases

If a decrease is granted, the decrease amount is only reinstated (added back into the rent) when the owner makes the required repairs or restores the services for which the decrease was granted. Property owners wishing to have a decrease amount reinstated must first file a notice (“Request for Compliance and Addendum”) with the Agency that the subject problem has been corrected. Once the Agency receives a compliance request, action is taken to verify that the conditions for which the decrease was granted are corrected and a proposed addendum is issued. If the petitioner and/or respondent disagree with the proposed addendum, a hearing is held, after which a final addendum is issued. If no hearing is requested, the proposed addendum is made final. Decrease amounts are reinstated for each properly corrected condition. Addenda may have been issued on cases decided during the current year or on decisions issued in prior years.

New Decrease Petitions		
Decrease petitions filed in 2015		67
<i>withdrawn or dismissed prior to mediation or hearing</i>	3	
<i>referred to mediation</i>	57	
<i>pending referral to mediation</i>	2	
<i>referred directly to hearing</i>	4	
<i>resolved prior to mediation</i>	1	
Mediation Activity		
Cases mediated during 2015		78
<i>current year cases</i>	57	
<i>carried over from prior year</i>	21	
Status at end of 2015		
<i>withdrawn / dismissed (tenants vacated or refiled petitions)</i>	6	
<i>resolved — case closed</i>	29	
<i>no resolution — referred to hearing</i>	22	
<i>partial resolution — referred to hearing</i>	4	
<i>pending</i>	17	
Hearing Activity		
Active cases during 2015		38
<i>referred directly to hearings</i>	4	
<i>referred from mediation</i>	26	
<i>ongoing from prior year</i>	7	
<i>remanded back to hearings</i>	1	
Status at end of 2015		
<i>withdrawn or dismissed</i>	8	
<i>decision granting decrease</i>	15	
<i>decision denying decrease</i>	2	
<i>pending</i>	13	
Decrease Reinstatements		10
<i>decreases fully reinstated</i>	5	
<i>decreases partially reinstated</i>	5	

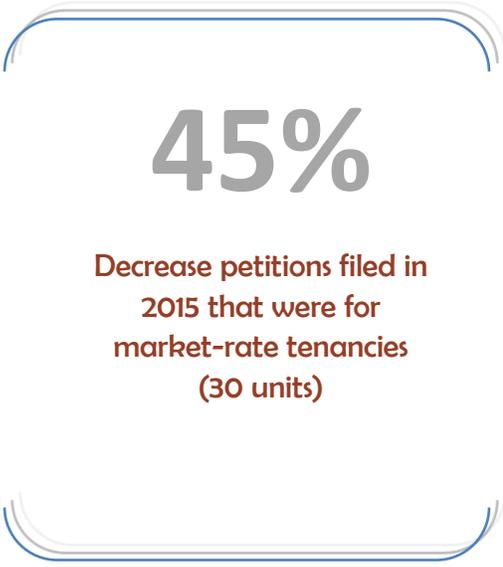
Appeals of Decrease Petition Decisions

Four appeals were filed on hearing officer decisions in 2015. Three of the decisions had granted decreases for various conditions, while in the fourth decision the hearing officer denied the petition and no decreases were granted. The Board fully affirmed the hearing officer decisions in two of the appealed cases, one of which had been filed by tenants and one by owners. The Board modified the remaining two decisions appealed by the tenants increasing the amount of the decrease granted in one decision and authorizing an additional decrease in the other. Two appeals filed by owners that were pending at the end of the 2014 were affirmed by the Board during 2015.



54%

**Decrease petitions resolved
in mediation
(Does not include 17
pending cases and six cases
withdrawn or dismissed)**



45%

**Decrease petitions filed in
2015 that were for
market-rate tenancies
(30 units)**

**Note: Two additional matters were resolved in mediation without parties filing petitions.*

Individual Rent Adjustments: Construction Decrease Petitions

The construction decrease regulations allow for rent decreases to address construction-related impacts on tenants residing in buildings undergoing substantial rehabilitation. The decrease amounts are based, in part, on the length of time a tenant experiences problems, the severity of the problems, and the specific impact on the petitioner. When the Agency becomes aware of substantial construction activities on a property, it issues a notice informing the property owner and the tenants that rent decreases may be authorized for construction-related impacts. The notice offers the Board's mediation services to work with the parties to explore solutions, including mitigating the impacts and temporary rent reductions. Tenants may file petitions before, during, or after the mediation process. The Agency issued construction decrease notices to owners of five properties in 2015. Tenants at three of the properties responded to the notices. Mediation discussions were begun and are on-going for one of these properties. No petitions were filed for this property in 2015. Mediation was declined for another property, and the matter was set for hearing after six tenants filed petitions. Hearings are on-going for that case. For the third property, mediation began in early 2016.

Also during 2015, multiple mediation discussions were continued from 2014 for a property for which seven petitions were filed in 2014. No resolution was reached and the matter was referred to hearing. The hearings are on-going.

In 2015, one hearing officer decision was issued for a property after a series of hearings were conducted. The hearing officer denied decreases for tenants in five units. Four petitions were withdrawn or dismissed prior to issuance of the decision. One of the dismissals was appealed to the Board and the dismissal was affirmed.

Construction Decrease Petitions 2015	
Agency construction notices issued in 2015	<i>5 properties</i>
Mediation services initiated in 2015	<i>2 properties</i>
Mediations continued from 2014	<i>1 property</i>
Hearings held	<i>3 properties (22 petitions)</i>

Excess Rent and Non-Registration Complaints

Rent Control regulations allow a tenant who believes he or she is paying more than the maximum legal rent or whose landlord has not registered the property or tenancy with the Rent Control Agency to petition the Board for recoupment of extra monies paid or to withhold rents until the landlord has registered the property or tenancy. The cases are initially sent to a mediator for resolution. In some instances, cases are administratively resolved based on a proposed resolution conveyed to parties in writing prior to the mediation. Cases not resolved by mediation are decided by a hearing officer following a hearing.

Appeals of Excess Rent Complaint Decisions

Appeals were filed by landlords on three of the four decisions issued during 2015. The Board affirmed the hearing officer decisions on two of the appeals; the third appeal was pending at the end of 2015. In addition, one Request for Reconsideration was filed by the complainant on a dismissal issued following hearings. That matter was still pending at the end of 2015.

Newly Filed Excess Rent & Non-Registration Petitions		
Petitions filed in 2015		18
<i>withdrawn or dismissed prior to mediation or hearing</i>	2	
<i>referred directly to hearing</i>	1	
<i>referred to mediation</i>	14	
<i>pending referral</i>	1	
Mediation Activity		
Cases mediated during 2015		20
<i>current year cases</i>	14	
<i>carried over from prior year</i>	6	
Status at the end of 2015		
<i>withdrawn or dismissed without mediation</i>	1	
<i>resolved — case closed</i>	6	
<i>resolved administratively</i>	1	
<i>no resolution — referred to hearing</i>	5	
<i>pending</i>	7	
Hearing Activity		
Active cases during 2015		7
<i>referred directly to hearings</i>	1	
<i>referred from mediation</i>	5	
<i>ongoing from prior year</i>	1	
Status at the end of 2015		
<i>Dismissed following hearing</i>	1	
<i>decision substantiating complaints</i>	4	
<i>decision not substantiating complaints</i>	0	
<i>Pending</i>	2	

89%

Excess rent complaints filed in 2015 that were for market-rate tenancies (16 units)

58%

Excess rent complaints fully resolved administratively or by mediation (Does not include 7 pending cases)

Individual Rent Adjustments: Increase Petitions

Property owners may petition the Rent Control Board for rent increases above the yearly general adjustment for completed or planned capital improvements, lack of a fair return or increased operating expenses not covered by the general adjustments. During 2015, two petitions of this type were filed. One petition went through the hearing process and a decision was issued denying rent increases. The other petition was withdrawn following a Notice of Intent to Dismiss that requested additional documentation and corrections to the petition in order to proceed.

Individual Rent Adjustments: Tenant-Not-in-Occupancy Petitions

Rent Control Regulation 3304 allows for a one-time increase to market level for a unit the tenant does not occupy as his/her usual residence of return. When a tenant-not-in-occupancy case is accepted for filing, the petition is handled administratively if the tenant does not contest the owner's petition, or is referred to a hearing if the tenant contests the petition. A petition may be dismissed if a sufficient *prima facie* case is not made at the time of filing or may be withdrawn if the subject unit is vacated. If the petition is granted, the Board sets the new Maximum Allowable Rent (MAR) for the unit based on rents for comparable units on the property or the three-year median MAR for the city area.

During 2015, eight new petitions were filed. Five of the petitions were dismissed: petitioners had either not properly followed the regulation regarding noticing tenants of the intent to file or had other noticing defects. One petition was not contested by the subject tenants and an administrative decision granting the petition and setting a new rent was issued. One case was referred to hearings, as the tenants contested the petition. Following the second hearing, the tenant withdrew his objections as he was vacating the subject unit, and an administrative decision was issued granting the petition and setting a new rent for the unit. One petition was pending initial administrative review at the end of 2015.

Appeals of Tenant-Not-in-Occupancy Decisions

An appeal was filed by the petitioner on one of the dismissed petitions. Prior to being heard by the Board, the appeal was withdrawn as petitioner no longer contested the dismissal.

Petitions to Register Previously Unregistered Units

Petitions may be filed with the Rent Control Board when an owner seeks to register a unit not previously registered. This most often occurs in cases where a unit was built without permits (i.e., a bootleg unit). For a unit to be qualified to register, the petitioner must show that the unit is habitable or capable of being made habitable and the unit was either used as a residential rental unit in April 1979, (or in the 12 months that preceded April 1979), or the unit was created by conversion after April 1979 and conforms to the city's zoning and development standards. During 2015, one petition of this type was filed. The petition was still in the hearing process at the end of 2015.

Base Rent, Maximum Allowable Rent, Amenities Determinations

Under certain circumstances, a party may petition for a hearing to establish correct apartment and building amenities, base rents, and maximum allowable rents (MAR). During 2015, no such petitions were filed. However, during 2015 two base amenities cases that were pending at the end of 2014 were completed. One case was resolved through mediation. A decision following hearing was issued in the other case, and the owner's petition was approved. An appeal was filed by the tenant in this matter, and the Board modified the hearing officer's decision. In addition, two MAR determination petitions filed during 2014 were decided in 2015 establishing the correct MARs. These matters were not appealed.

Owner-Occupied Exemption Applications ▶▶▶

Exemptions are available for properties with three or fewer units that are owner occupied. Although many owner-occupied exemption cases are decided by the Rent Control Board without an administrative hearing, there are occasions when an evidentiary hearing is necessary to determine questions of fact or law. In many of these cases, the exemption is contested by one or more tenants. Hearings may also be required in cases where the lapse of an exemption is contested by the owner. The hearing officer issues a recommended decision that is considered by the Board in making a final determination on the exemption application or lapse of an exemption.

During 2015, three exemption applications were referred for evidentiary hearings. One application was withdrawn before the scheduled hearing date. Hearing officer recommendations were issued for the remaining two cases; one to deny the exemption, one to approve the exemption. The Board adopted staff's recommendation in both matters.

Policies & Programs

Legal Department

Under the direction of the General Counsel, the Legal Department serves two principal functions: it advises the Board and the Agency on all legal matters, and it represents the Board in litigation.

Of necessity, much of the department’s advisory work occurs outside the public view in order to preserve attorney-client confidentiality; but there are important exceptions to this. As a legislative and quasi-judiciary body, the Board must operate openly, publicly and transparently. Thus, when the Board decides whether to enact or amend a law, or when it hears an appeal of a hearing officer’s decision, its deliberative process must be fully public. As part of that public process, the Legal Department prepares a written report that analyzes the issues presented and advises the Board about legally appropriate outcomes. Last year, the Board’s lawyers prepared a number of public reports, which are detailed in the statistical overview at the end of this Annual Report. The Board considers the advice given, but it is not bound by it; rather, the Board makes its final decision based on its independent assessment of staff’s advice (including legal advice), public input and its own public deliberation.

The Legal Department has no policy-making role. It is the Board, and not its lawyers, whom the public has elected; therefore, the only “policy” advanced by the Legal Department is that which is embodied in the City Charter or the Rent Control regulations enacted by the people’s duly-elected representatives. Nor does the department have any political role. Because its function is to offer the Board complete, accurate, and independent legal advice, it necessarily does so without considering politics, and without favor toward tenants, owners or others.

Lawsuits Filed in Prior Years but Resolved in 2015

Action Apartment Association v. City of Santa Monica and SMRCB

Judgment for the Board

Action Apartment Association sued the Board and the City to challenge a 2010 amendment to the City Charter (Measure RR) that requires landlords to give tenants a warning and reasonable opportunity to correct an alleged tenancy violation before beginning the eviction process. Action argued that this provision of the City Charter is preempted by State law. The Board opposed Action's Petition for Writ of Mandate on the grounds that Measure RR is not preempted and that the First District Court of Appeal already ruled on the question in an identical case in Oakland. The court denied the petition and entered judgment for the Board.

Naughton, et al. v. City of Santa Monica and SMRCB

Judgment for the Board

Four plaintiffs—Peter Naughton, Brenda Barnes, Michael McKinsey and Linnea McKinsey—sued the City and the Board challenging the City's and the Board's actions related to approval of the Development Agreement and Removal Permit for the Village Trailer Park. The Board demurred (moved to dismiss) on the ground that the complaint failed to state any valid claim for relief. The Court agreed with the Board and dismissed the case.

Status of Lawsuits Filed Against the Board in 2015

Bilet Properties, LLC v. SMRCB

Pending

In 2015, the Board granted an excess rent petition filed by a tenant of Bilet Properties, LLC. The owner sued the Board seeking to reverse the decision on the grounds that she should have been permitted to charge additional fees for cable TV services notwithstanding the Board's regulations that prohibit separate agreements for such services entered into after the tenancy has begun.

Charles Fine and Barry Sherman v. City of Santa Monica, SMRCB & 1001 3rd Street LLC

Voluntarily dismissed by Plaintiffs

In 2015, plaintiff tenants Charles Fine and Barry Sherman sued the Board, the City and 1001 3rd Street LLC. The tenants sought to invalidate a 2011 settlement agreement between the City, the Board and the predecessor owners of the Palihouse (formerly "the Embassy") about the operation of the Palihouse as a hotel. While the lawsuit was pending, the tenants reached a settlement agreement with 1001 3rd Street LLC. Although the Board is not party to the settlement, their agreement resolved the tenants' complaints and the lawsuit has been dismissed in its entirety.

Hirschfield v. Cohen (SMRCB, Intervenor)

Pending

Owner Richard Hirschfield sued tenant Tanya Cohen seeking a declaration that his property is exempt from the Rent Control Law. The owner contends that the property qualifies for exemption from rent control as a single-family home and new construction. However, since the property was returned to the rental market less than 5 years after being withdrawn from the rental market under the Ellis Act, and it has four rented units on contiguous lots under common ownership, the Board intervened in the lawsuit to defend its position that the property is within the jurisdiction of the Rent Control Law.

Wormser v. SMRCB

Pending

In 2014, the Board denied owner Wormser's application for an owner-occupancy exemption. To qualify for the exemption, Board regulations require the property to have had three or fewer units on April 10, 1979. Since this property had four units at that time, the property did not qualify and the application was denied. The owner sued the Board claiming that the property has only three units now and that it has qualified for the exemption in the past based on an earlier version of the regulation.

Status of Lawsuits Filed By the Board in 2015

SMRCB v. 108 Allston Street Ltd. Partnership, et al. (2016)

Pending

108 Allston Street Ltd. Partnership owns a property in Santa Monica that is subject to a deed restriction that requires a unit to be permanently affordable to a low-income household. Based on evidence that the unit is now being rented for more than the deed restriction allows, the Board filed a complaint to enforce the terms of the deed restriction.

SMRCB v. Anna Gee

Pending

Owner Anna Gee entered into a settlement agreement with the Board in 2007 under which she was to return units that had been unlawfully combined without a removal permit to their original configuration after the tenants who then occupied the property had vacated. When the tenants did vacate, Gee instead re-rented the units without restoring the units to their original configuration. The Board filed a complaint to enforce the terms of the 2007 settlement.

Amicus Briefs Filed By the Board in 2015

John Sheehe, et al. v. Anne Kihagi, et al. (2016)

Pending

An issue regarding interpretation of the Ellis Act is under review by the Court of Appeal. In this case, the owner withdrew her eight-unit rental property from the rental market under the Ellis Act and then rented only the units that were vacant at the time she withdrew. She claimed that she did not have to offer the other units back to displaced tenants, because the units they occupied were not re-rented within the prohibited time. The Board filed an Amicus Brief in support of the City of West Hollywood (Intervenor in the suit) to explain the application of the Ellis Act to a property that the owner attempts to return to the rental market in piecemeal fashion. The express terms of the Ellis Act prohibit an owner from withdrawing less than all of the units on the property from the rental market. By the same logic, an owner may not return only some of the

units to the rental market and avoid the remedies available to displaced tenants when it is re-rented.

Mak v. City of Berkeley Rent Stabilization Board

Decision in Favor of Berkeley Rent Board

A property owner in the City of Berkeley served a notice terminating tenancy on tenant Elizabeth Burns on the ground that the owner would be moving in to her unit. Two days before the time expired for Ms. Burns to move, the landlord and tenant entered into an “agreement” that provided additional funds to the tenant in exchange for her “voluntary” departure from the unit, stating that the owner-occupancy notice was withdrawn as if never given. Then, instead of moving in to the unit after Ms. Burns vacated, the owner re-rented the unit for more than double the rent. The Board filed an Amicus Brief in support of the City of Berkeley Rent Stabilization Board’s decision to reject the landlord’s attempt to circumvent the law. The Brief explains that the Costa-Hawkins

Act prohibits landlords from establishing new rents when the previous tenancy has been terminated by the landlord for owner-occupancy and that the landlord may not get-around that prohibition by offering a last-minute financial incentive to the tenant in order to claim that the tenancy was terminated “voluntarily.” The Court

of Appeal affirmed the City of Berkeley’s decision, finding that Ms. Burns’ tenancy was, in fact, terminated pursuant to the notice of owner-occupancy. The owner was therefore precluded from raising the rent and was limited to charging the rent that was in effect during Ms. Burns’ tenancy.

Status of Lawsuits Filed in Prior Years

Action Apartment Association v. SMRCB

Pending

Action Apartment Association sued the Board to challenge the increase to the registration fee adopted by the Board by regulation in 2013. Action argues that under Proposition 26 (enacted in 2010), the registration fee is a tax that cannot be increased without approval by the voters. It also claims that the increase to the registration fee is in conflict with the Charter’s requirement that the annual general adjustment shall be equal to 75 percent of the change in the CPI.

Gray-Bleiberg Investments VIII, Ltd. v. SMRCB

Writ granted; Motion for damages against the Board denied; Fee Motion Pending

In 2013, the Board denied owner Gray-Bleiberg Investment VIII, Ltd.’s petition for a rent increase based on an assertion that the tenant was not in occupancy. The tenant had been absent from the property in order to care for her ill cousin. Gray-Bleiberg petitioned the Superior Court for a writ of administrative mandamus, alleging that the tenant was absent too long and the owner should be entitled to a rent increase. The court agreed with the owner and granted the writ petition. The owner then sought damages against the Board,

which the Court denied. The owner’s motion for attorney’s fees is still pending, and the Board is opposing it.

Sidenberg v. SMRCB

Judgment for the Board, Affirmed on Appeal

In 1995, a property owner entered into a contract with the Board allowing the owner to temporarily vacate the property so that it could be repaired after the Northridge earthquake. Under the contract, the owner agreed to set aside two units as permanently affordable to low-income persons, in exchange for which the Board allowed the owner to charge market-rate rents for the remaining units when they were first returned to the rental market after repairs were completed. The contract was recorded. The owners died, leaving the property to their daughter who has now sued the Board alleging that the contract’s affordable-unit set-aside was invalidated with the enactment of the Costa-Hawkins Rental Housing Act in 1996. The Board opposed the complaint on the grounds that the owner’s claims are barred by the statute of limitations (which places a limit on the time within suit must be brought) and because Costa-Hawkins does not apply retroactively to invalidate pre-1996 contracts. The trial court agreed with the Board and entered judgment for the Board. The Court of Appeal

upheld the trial court’s judgment finding that the claims were barred by the statute of limitations; the owner’s claims had to have been brought no

later than January 1, 1999, three years after the enactment of Costa-Hawkins.

Buyout Disclosure and Agreements ▶▶▶

Santa Monica’s City Council became concerned last year that Santa Monica’s heated real estate market was leading some landlords to coerce tenants in rent-controlled units into signing buyout agreements—agreements to move from a rent-controlled unit in exchange for payment, which would then allow the landlord to reset the unit’s rent to market rate. To reduce the risk of coercion, the City Council amended the City’s Tenant Harassment Ordinance to require landlords to inform tenants of certain rights, including the right to consult a lawyer before deciding whether to enter into a buyout agreement, and the right not to enter into one at all. The ordinance also sought to discourage abuse by having the amounts paid be made public through mandatory filing of the agreements with the Rent Control Board, which could then provide information to other tenants who have been approached to sign a buyout agreement. In response, the Rent Control Board amended its regulations to accept executed buyout agreements for filing and developed a form that includes the disclosure of rights to tenants who have been offered a buyout. Landlords are required to provide the form to tenants before making a buyout offer. To protect individual privacy concerns, the Board required its staff to maintain the buyout agreements in a file separate from other publicly accessible data, and to provide the data to the public in an aggregate manner, such as on a neighborhood basis instead of by specific property (to avoid revealing personal-identifying information) or on another aggregate basis upon specific request.

Since the Board’s regulation became effective on April 15, 2015, the Board has received 40 buyout agreements. The data from these agreements are provided below based on city area and unit size.

City Area	Units	Average \$
A	13	\$20,134
B	0	\$0
C	19	\$32,584
D	2	\$35,500
E	2	\$21,563
F	3	\$36,166
G	1	\$15,350
Total	40	\$27,435

Unit Size	# Filed	Average \$
0-Bedroom	11	\$13,009
1-Bedroom	16	\$26,358
2-Bedroom	7	\$40,571
3(+)-Bedroom	6	\$45,000
Total	40	\$27,435

Policies & Programs

Exemption & Removal Permit Applications

The Rent Control Law applies to all residential rental units in Santa Monica, except for those units specifically exempted based on certain criteria. Some exemptions are permanent, while others are “use exemptions,” which stay in effect only as long as the criteria upon which the exemption was granted remain true.

Exemptions ▶▶▶

Permanent Exemptions

Subject to certain limitations, new construction (completed after April 10, 1979) and single-family dwellings are eligible for permanent exemption from the Rent Control Law.

In 2015, there were 71 declarations submitted for single-family dwellings stating that the structures were not rented on July 1, 1984 and are eligible for permanent exemption. As long as the information in these declarations is accurate, the subject properties are exempt.

Two single-family dwellings that didn’t qualify for the automatic exemption were granted an exemption by the Board after each owner filed an exemption application based on two years of owner occupancy. One such application was pending at the end of 2015.

Use Exemptions

“Use exemptions” or “temporary exemptions” may be granted for several different uses of a residential rental property that would otherwise be subject to the Rent Control Law. Although tenants living on exempt properties do not have rent-level protections, eviction protections were extended to these tenants with the amendment to the City Charter following the passage of Measure RR in November of 2010.

The “owner-occupied exemption,” which only applies to properties with three or fewer units, is the temporary use exemption that affects the greatest number of properties. In 2015, 17 applications for owner-occupied exemptions were received. Most applications for this type of exemption are handled administratively provided the owner submits the required documentation

71

Single-family dwellings declarations filed

2

Single-family dwelling exemptions granted

and the tenants (if any) verify the owner's residency. Staff prepares a recommendation for the Board, which then determines if the exemption is granted. In some instances, applications are referred to the Hearings Department for evidentiary hearings to determine if the owner-applicants meet all the requirements to qualify for this exemption. In these cases, a hearing officer makes a recommendation for the Board's consideration and decision. During 2015, three applications were referred for evidentiary hearings.

Board decisions were issued on 13 of the 17 applications: owners of 12 properties received owner-occupied exemptions (one of which had been referred for hearings), and one of the applications (referred for hearings) was denied by the Board. For the remaining four applications: one (referred for hearings) was withdrawn prior to the hearing; another was dismissed as the property did not qualify for the three-unit or less exemption; and the other two were pending at the end of 2015. Two applications pending at the end of 2014 received owner-occupied exemptions during 2015.

Of the 12 properties for which the Board granted an owner-occupied exemption, 11 had previously been exempted under a previous owner within the last five years. Owner-occupied exemptions lapse by operation of law when the owner moves off the property or when ownership is transferred. The Rent Control Agency monitors owner-occupancy exemptions and regularly researches changes in ownership of all residential Santa Monica properties. Most exemptions lapse due to a change in ownership. In 2015, 30 exemptions were verified to have lapsed.

Examples of other use exemptions include: residential units in hotels, hospitals, religious institutions, and extended medical care facilities; commercial units; non-rental units; and units owned and operated by governmental agencies.

30

**Owner-occupied exemptions
verified to have lapsed**

12

**Owner-occupied exemptions
granted**

Monitoring of Properties Granted Owner-Occupied Exemptions ▶▶▶

Following a public hearing at the May 14, 2015 Rent Control Board meeting, the Board adopted an amendment to Regulation 12070 that requires property owners who have received an exemption for owner-occupancy of a property with three or fewer units to annually certify that he or she continues to occupy the property as his or her principal residence.

To enforce this new amendment, the Agency mails a letter and certification form to owners asking them to complete the certification form, sign it under penalty of perjury, and return it to the Agency. These letters are mailed to the owner of each exempt property at least one year after the exemption was granted and during the same month that the exemption was initially granted.

If an owner does not respond to the mailing, the lapse procedures outlined in Regulation 12070 are followed. These procedures include a notice to the owner that the Board has made an initial determination that the exemption has lapsed. If the owner doesn't disagree with the determination, a final notice of lapsed exemption is mailed to the owner and tenants, and the property is again subject to the Rent Control Law. If the owner disagrees with the initial notice of lapse, they may provide further information. If issues of law or fact remain, the matter will be referred to a hearing examiner, who prepares a recommendation to the Board regarding whether or not the exemption should be deemed to have lapsed. The recommendation is then considered by the Board at a regularly scheduled meeting for a decision on the issue. Since 1998, when

Regulation 12070 was first adopted, there have been nine instances when a lapse determination was contested and considered by the Board. So far, there have been no hearings resulting from the annual certification requirement.

As of September 2015, there were approximately 574 properties holding owner-occupied exemptions. The owners of each of these properties will receive letters and certification forms over the course of the first year of this new requirement.

In 2015, during the first phase of the program, the Agency contacted more than 40% of all the properties that have an owner-occupied exemption – some of which became effective as long ago as 1979. Based on the results, it is expected that approximately 10 percent of properties holding this type of exemption may be found to no longer qualify for the exemption.

By late summer 2016, all owners of properties granted an owner-occupied exemption at least a year ago will have been contacted and asked to certify their continuing eligibility for the exemption.

Removal Permits ▶▶▶

To protect the controlled rental housing stock, the Rent Control Law provides strict criteria the Board must apply before granting permits removing units from rent-control jurisdiction. During 2015, the Board approved the removal of one unit, the application for which had been received in 2014. No new removal permit applications were filed in 2015.

Appendix

Board Meetings		
Board meetings convened and staffed		12
<i>Regular meetings</i>	12	
Public Outreach		
Contacts with people seeking information		13,211
<i>Counter (16%)</i>	2,169	
<i>Phone (78%)</i>	10,248	
<i>E-mail (6%)</i>	794	
Constituency-wide mailings produced and distributed		3
<i>General Adjustment mailings (includes citywide MAR Report mailing to owners)</i>	1	
<i>Newsletters (includes report of current MAR for each unit)</i>	2	
Community meetings/seminars		7
<i>Seminars by Rent Control staff</i>	4	
<i>Beverly Hills Realtor Association</i>	1	
<i>Santa Monica Festival</i>	1	
<i>Landlord/Tenant Forum w/City Attorney's Office</i>	1	
Rent Control Seminar Attendance		92
<i>Owner seminar</i>	36	
<i>Tenant seminar</i>	21	
<i>General adjustment seminar</i>	15	
<i>Maintenance seminar</i>	20	
Website Visits		54,075
Petitions/Complaints		
Petitions processed on intake		104
<i>Decrease petitions filed</i>	67	
<i>Construction decrease petitions filed</i>	8	
<i>Increase petitions filed</i>	2	
<i>Excess rent/Non-registration complaints filed</i>	18	
<i>Previously unregistered unit petitions filed</i>	1	
<i>Tenant-Not-in-Occupancy petitions filed</i>	8	
Hearings held		55
<i>For 22 decrease petitions</i>	25	
<i>For 3 properties - construction decrease petitions</i>	12	

<i>For one increase petition</i>	1	
<i>For 6 excess rent/non-registration complaints</i>	7	
<i>For two exemption applications</i>	2	
<i>For one previously unregistered unit petition</i>	3	
<i>For one tenant-not-in-occupancy petition</i>	2	
<i>For two MAR determinations (1 property)</i>	3	
Written decisions issued		32
Proposed addenda issued		16
Outside Interpreter services provided for Hearings		1
On-site investigations conducted		132
<i>Upon scheduling decrease petitions</i>	43	
<i>In response to compliance requests</i>	11	
<i>Exemption use investigations</i>	23	
<i>Ellis investigations</i>	25	
<i>Occupancy, unit use, residence verification, construction activities etc.</i>	16	
<i>Other (e.g., measuring, service of documents, etc.)</i>	14	
Ellis Withdrawals, Exemptions and Removals Activity		
Ellis withdrawals filed in 2015		22
Ellis withdrawals pending from 2014		12
<i>Withdrawals completed in 2015</i>	13	
<i>Withdrawals withdrawn</i>	1	
<i>Pending at the end of 2015</i>	20	
Ellis returns (properties) to rental market		4
<i>Units returned to market</i>	19	
Exemption applications filed		17
SFD declarations filed		71
Owner-occupied verification letters mailed		205
Removal permit applications filed		0
Removal permit applications granted (filed 2014)		1
Apartment Listing Service		
Number of listings received		47
Forms & Permits Processed		
Status forms to submit development applications		154
Demolition permits		100
Building permits		622
Property registrations		657
Vacancy registration forms		4,309

Separate agreement registration forms (parking)		33
Tenant-filed rental unit registration forms		4
Registration fee payments		3,702
Fee waivers		52
Clean Beaches Tax waivers		27
Appeals and Litigation		
Staff reports on appeal		12
<i>Decrease petitions</i>	5	
<i>Excess rent complaints</i>	4	
<i>Increase petitions</i>	0	
<i>Tenants-Not-in-Occupancy</i>	1	
<i>Construction Related</i>	1	
<i>Unregistered units</i>	0	
<i>Base Rent</i>	1	
Exemption staff reports prepared and reviewed		17
Supplemental staff reports prepared		0
Litigation cases		13
Administrative records prepared		0
Legal Advisory		
Miscellaneous staff reports written		3
Occupancy permits advisory		2
Responses to subpoenas & Public Records Act requests		51
Buy-out agreements received		40
Regulations & Resolutions		
New and amended regulations or resolutions prepared		6
<i>2015 General Adjustment resolution (announcing the 2015 GA of 0.4% with a \$7 ceiling)</i>	1	
<i>Definition of Principal Place of Residence (amendment to Regulation 2003 clarifying principal place of residence)</i>	1	
<i>Registration Fee Pass-Through (amendment to Regulation 11200(e) to conform to current law (amended by Santa Monica voters in November 2014) regarding the pass-through of registration fees as a surcharge on monthly rent payments)</i>	1	
<i>Annual Certification by Owner (amendment to Regulation 12070 requiring owners to annually certify entitlement to previously granted owner-occupancy exemptions)</i>	1	
<i>Buyout Offers; Disclosure of Tenants Rights (amendment to Regulation 9011, respecting buyout agreements, to add a new subdivision requiring that executed agreements be filed with the Board)</i>	1	
<i>Buyout Offers (adoption of Regulation 9011 respecting the filing of buyout agreements with the Board)</i>	1	