



## Frequently Asked Questions

### ► How did vacancy decontrol affect the Rent Control Law?

The state vacancy decontrol law that took effect January 1, 1996 mandated changes to local rent control laws. It did not end rent control or eviction protections, and rent increases for existing tenants remain limited.

- **As of January 1, 1999**, property owners have been able to establish the initial rent at the beginning of most new tenancies. However, all rent increases for the duration of the tenancy are determined by the rent control law.
- Between **October 1, 1995 and December 31, 1998**, rent increases of up to 15% were permitted for new tenants following a voluntary vacancy or “just cause” eviction of a prior tenant. An owner could take such an increase a maximum of two times for each unit. All future rent increases for any new tenancy are determined by the Rent Control Law.
- ALL OTHER RENT CONTROL PROTECTIONS, SUCH AS EVICTION PROTECTIONS, CONTINUE TO APPLY TO ALL NEW TENANCIES.

### ► What is the maximum lawful rent for a controlled unit?

There are three components to the maximum lawful rent: 1) the MAR, which is

the principal amount of the rent; 2) fifty percent of the annual registration fee for the unit paid to the Rent Control Board by the property owner; and 3) for tenancies beginning before March 1, 2018 only or on properties not reassessed due to sale or major improvements on or after March 1, 2018, certain surcharges from the owner’s property tax bill.

For tenants who moved in **before October 1995**, the MAR is usually based on the rent in effect on April 10, 1978. The current MAR for these tenants is the base amount plus increases approved by the Board since that date. The MAR for tenants who moved in **from October 1, 1995 to December 31, 1998** could have been adjusted upward as much as 15% above the existing MAR.

**As of January 1, 1999**, property owners have been able to establish the initial rent – and a new MAR – for new tenants at market rates in most cases. In addition to negotiating the initial rent for an apartment, amenities are also determined by negotiation between an owner and a tenant without regard to the amenities that previously came with the apartment. Amenities provided when the apartment was first rented must continue to be provided for the duration of the tenancy. Rent levels and parking information for all new tenancies after January 1, 1999 must be registered with the Rent Control Board on a **Tenancy Registration** (Vacancy Unit Registration) form.

## ► How does someone determine the amount of the MAR for a unit?

Call or stop by the Rent Control office to learn the current MAR in the Rent Control Agency's records for a unit. You can also look up MARs on the Agency's website:

[www.smgov.net/rentcontrol](http://www.smgov.net/rentcontrol)

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

California law allows an owner to collect up to two months' rent for an unfurnished unit or three months' rent for a furnished unit. This deposit may be collected in addition to the first month's rent. Santa Monica Rent Control regulations generally do not permit an owner to increase the amount of the security deposit during a tenancy. Current Rent Control regulations do NOT require owners to pay interest on security deposits. For additional information on security deposits and refunds please see the **Security Deposits** information sheet.

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

Under the Santa Monica Rent Control Law, a tenant may file a rent decrease petition if the property owner does not make repairs or restore housing services after receiving written notice from the tenant. A decrease petition may be filed 30 to 180 days after the written notice was served on the owner. The purpose of the decrease process is to encourage owners to make necessary repairs. Many of the issues raised in decrease petitions are resolved through mediation. Any unresolved issues are forwarded to the Rent Control Hearings Department for a hearing and written decision.

In addition to the Rent Control Law, Santa Monica's Municipal Code includes building and housing codes that protect a tenant's health and safety. Also, California law requires owners to maintain their units in habitable condition.

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

- **Santa Monica Code Enforcement**  
(310) 458-4984
- **Los Angeles County Health Dept.**  
(888) 700-9995

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

## ► Is a tenant entitled to a parking space?

It depends. For tenancies that began before January 1, 1999, housing services and amenities, such as parking, that were included in the rent on April 10, 1978, are considered "base amenities." For units rented to new tenants on or after January 1, 1999, base amenities are those provided on the initial date of the tenancy. Base amenities and their maintenance must continue to be provided at no extra cost. To learn if Rent Control's records have any information regarding a unit's base amenities, contact the Rent Control Agency's office. If a base amenity for a unit is limited in any way or discontinued, the tenant should ask the owner in writing to restore the amenity and be sure to keep a copy of the letter. If the issue is not resolved, the tenant may apply for a rent decrease.

### ► Are roommates allowed?

This can be complicated. The Rent Control Law does not address the minimum or maximum number of people who may occupy a unit. Tenants are generally bound by whatever was agreed upon in their rental agreement. Tenants should remember that violation of a written rental agreement could be a just cause for eviction under the Rent Control Law. And most standard rental agreements have language limiting occupancy to specified persons, prohibiting sub-tenancies, or requiring the owner's prior written consent. If a rental agreement does not prohibit having roommates or subleasing, roommates are generally allowed.

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

Finally, if a tenant's unit has as a "base amenity" the right to have a roommate and the property owner refuses to allow the tenant to have a roommate, the tenant may petition for a rent decrease due to a reduction of a housing service. A rent decrease is only available if the owner does not allow the same number of tenants as were allowed on the base rent date.

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

Before purchasing controlled rental property, future owners may want to learn the current rent levels and review the Rent Control Agency's records regarding the property. All documents related to a property are available to be viewed at the Agency's office.

Once new owners have purchased rent-controlled property they need to take the following steps with the Agency:

- File a ***Change of Ownership Registration*** form within 30 days of closing escrow.
- Determine if the annual registration fees for the property have been paid and if any of the tenants have registration fee waivers. This information is available at the Agency's office.
- Contact the Agency and talk with an Information Analyst to discuss whether the current tenancies on the property have all been properly registered. **Any rent increases since a tenancy began may be prohibited if the required information regarding the tenancy has not been registered.**

Annual registration fee bills are mailed to property owners at the beginning of July of each year and must be paid by August 1 in order for the owners to pass fifty percent of the fees paid for each unit through to the tenants as a monthly surcharge. For more detailed information please see our information sheet - ***Owning Rent-Controlled Property in Santa Monica.***

## ► Why is the rent increased each September?

While the Rent Control Law provides many protections for tenants, it also guarantees property owners a fair return on their rental property. Since 2013, the calculation of the annual General Adjustment has been based primarily on a simple calculation of 75 percent of the percentage change in the area Consumer Price Index (CPI). Increases can range from 0% to 6%, and the Rent Control Board retains the authority to impose a dollar-amount maximum after holding a public hearing. The General Adjustment goes into effect on September 1 of each year.

## ► What is the current Annual General Adjustment?

In June 2018, the Board approved a resolution announcing a 2018 General Adjustment of 2.9% and imposing a maximum increase of \$60 (which applies to MARs of \$2,052 or above).

## ► Property owners may increase rents by the 2018 General Adjustment beginning September 1 if:

- all registration fees and accrued penalties are paid;
- the units are properly registered;
- there are no uncorrected citations or notices of violation of health, safety, or housing laws for the property;
- the owner is in compliance with all provisions of the Rent Control Law;
- the owner gave tenants starting 7/31/17 or after a copy of the Rent Control Information Sheet and declared they did so on the Tenancy Registration form.

- the owner serves a written notice (typically a 30-day notice) as required by California law; and
- the tenant moved into the unit before September 1, 2017.

## ► What if a tenant is paying more than the maximum lawful rent?

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

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

A tenant who believes he/she is paying more than the maximum lawful rent should contact an Information Analyst to determine the legal rent that can be charged for the unit.

Rent overcharges can be resolved in several ways. If the owner does not refund the overpayments, the tenant may:

- file an excess rent complaint with the Rent Control Agency;
- file a lawsuit in Small Claims Court (no more than \$10,000);
- file a lawsuit in Superior Court; or
- consult an attorney regarding other possible remedies.

If a claim is filed in court, the tenant may seek penalties of three times the amount of the excess rent. Each option has advantages and disadvantages that should be considered before making a decision.



## ► What is the registration fee?

The Rent Control registration fee finances the administration of the Rent Control Law. For the 2018/2019 fiscal year, the registration fee is \$198.00 per unit annually.

Property owners initially pay the fee for each rental unit they own. Owners who pay all outstanding registration fees by August 1 can, with proper written notice, include half of the registration fee paid for a unit (at the rate of \$8.25 per month) in the maximum lawful rent beginning September 1<sup>st</sup>, 2018.

## ► What is a registration fee waiver?

The Agency can waive the registration fee for units occupied by very-low-income seniors (62 years or older) or very-low-income disabled tenants. The tenant's total yearly household income must be less than \$27,006 for a person living alone or \$30,864 for a two-person household.

Fee waivers are also available in the following circumstances:

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

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

## ► What are the allowable surcharges?

The Rent Control Law allows property owners to pass along certain property tax-related assessments to their tenants in addition to the MAR and registration fee pass-through.

Owners **may not** charge tenants surcharges if the tenancy began on or after **March 1, 2018** or if a property is reassessed due to sale or due to voluntary improvements on or after that date.

Beginning **September 1, 2018**, the total monthly pass-through of the five line items from the owner's property tax bill may not exceed \$35 or 4% of the MAR, whichever is less.

The allowable surcharges for 2018 are:

- Community College Bond
- Unified Schools Bond
- Stormwater Management User Fee
- Clean Beaches & Ocean Parcel Tax
- School District Parcel Tax

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

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

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

## ► What is a petition and why file?

The Santa Monica Rent Control Law allows tenants and owners to file petitions to resolve certain disputes or adjust rent levels. The filing of a petition usually results in the matter being scheduled for a hearing.

There are several types of petitions heard by the Rent Control Board. Below is a list of these petitions and a brief description of why they are filed.

**Decrease Petitions** are filed by tenants to encourage the property owner to make necessary repairs or restore services and/or amenities. A decrease petition may also be filed by an owner who wishes to remove a service in exchange for a decrease in rent.

**Increase Petitions** are filed by property owners who seeks to increase the rent levels at their properties. Increase petitions can affect the rents for all units on a property at the same time and are often based on unusually high expenses, including capital improvements.

**Tenant-Not-in-Occupancy-Petitions** are filed by owners when tenants do not live in units as their principal residence. If granted, the Rent Control Board will increase the rent to a market level.

**Base Rent / Base Amenities Petitions** are filed by owners or tenants to determine the base rents and/or the base amenities for a unit. For most tenancies beginning before January 1, 1999, the base rent/amenities date is April 10, 1978. For most tenants who moved in on or after January 1, 1999, the base rent/amenities date is the initial date of their tenancies.

**Complaints for Excess Rent / Non-Registration** are filed by tenants who

believes they are being or have been charged rent in excess of the maximum lawful rent. Complaints may also be filed by tenants if property owners have failed to register a property or tenancy in accordance with the regulations.

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

## ► Are condominiums covered by the Rent Control Law?

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

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

Because the facts differ for each condominium, it is best to call the Rent Control Agency to speak with an Information Analyst for help in determining how the Rent Control Law affects a particular condominium unit.