



# Rent Control News

## Market-Rate Rents Still Allowed for New Tenancies

Property owners in Santa Monica may establish market-rate rents for new tenancies — with a few exceptions. Qualifying vacancies that allow the owner to reset the rent for the next tenant include when the prior tenant voluntarily vacated the unit or was evicted for “just cause,” like not paying rent or violating the rental agreement. For the next tenancy, the property owner may set the rent at whatever amount is negotiated with a new tenant. Amenities such as parking and the right to have pets are also established at the beginning of the tenancy either by agreement between the landlord and the tenant or by what is provided to the tenant at move-in. Amenities and housing services provided when units are rented must continue to be provided for the duration of the tenancy, or rent reductions may be authorized under the rent control law. *(Continued on page 2)*

## Rent Control Welcomes New Board Member Naomi Sultan and Thanks Commissioner Flora For His Service

Naomi Sultan was elected to a 4-year term on the Rent Control Board in the November election. She is a veterans’ rights attorney and a long-time Santa Monica tenant. Her clients include seniors and people with disabilities. Ms. Sultan says, “As an attorney who often negotiates settlements to keep tenants in their homes, I have the experience and capacity to be fair to all parties who come before the Rent Control Board.”



*“Stable, affordable housing is the foundation of a diverse, equitable, and prosperous community.”*

*– Naomi Sultan*

Ms. Sultan will be seated on the Rent Control Board at its December 13<sup>th</sup> meeting, joining chairperson Anastasia Foster, vice-chairperson Caroline Torosis and commissioners Steve Duron and Nicole Phillis, both of whom were re-elected in November.

Commissioner Todd Flora’s last Board meeting was November 8, 2018. He was first elected in November 2010 and served on the Rent Control Board for two 4-year terms. He provided leadership on several important voter-approved revisions to the rent control law, including simplifying the method for calculating the annual rent increase (general adjustment) and ensuring the annual registration fee for a controlled unit is shared equally between landlords and tenants. We thank Mr. Flora for his commitment and dedicated, enthusiastic service!

## New Eviction Protection for Educators and Students

Earlier this year, the Santa Monica City Council approved a new ordinance that increases eviction protections for Santa Monica educators and students during the school year. Under the ordinance, tenants have a substantive defense against a no-fault eviction if:

- A child under the age of 18 or any educator lives in the unit; or
- A child or educator is a tenant in the unit or has a custodial or family relationship with a tenant in the unit; and
- A tenant has lived in the unit for twelve months or more; **and**
- The date the tenant must move out of the unit (the effective date of the notice of termination of tenancy) falls during the school year. *(Continued on Page 2)*

**Santa Monica Rent Control Board**

1685 Main Street, Room 202, Santa Monica, CA 90401

**Commissioners:** Anastasia Foster, Caroline Torosis, Steve Duron, Nicole Phillis, Naomi Sultan

**Executive Director:** Tracy Condon

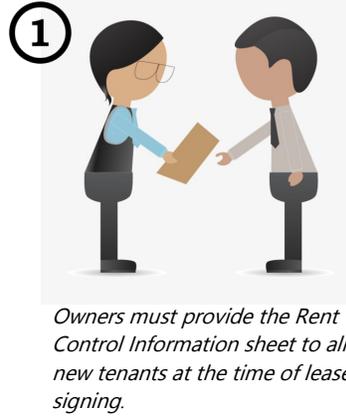
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## Market-Rate Rents Still Allowed *(cont.)*

Some units, however, may not qualify for a rent increase upon vacancy. For example, owners may not set a new market rent if the prior tenant was evicted so the owner or owner's relative could move in. Vacancy increases are also prohibited if any of the original occupants continue to reside in the unit, even when one or more roommates have moved out and are replaced. Evictions due to Ellis Act withdrawals also preclude an owner from establishing market-rate rents if

the owner returns the property to the rental market within five years.

Whenever a unit is rented to a new tenant following a qualifying vacancy, a Tenancy Registration form must be filed with the Rent Control Agency within 30 days of the start of the tenancy. Failure to register may result in the property owner being prohibited from implementing annual rent increases or from filing petitions with the Board.



Owners must provide the Rent Control Information sheet to all new tenants at the time of lease signing.



Owners must also check the box on the Tenancy Registration form to confirm they did so.

Importantly, the owner must provide the Rent Control Information Sheet to all new tenants at the time of lease signing and inform the Board that they did so when they file the Tenancy Registration form. There is a declaration and checkbox at the bottom of the form to indicate compliance.

You may download the Rent Control Information Sheet and register new tenancies via the Agency's website: [www.smgov.net/rentcontrol](http://www.smgov.net/rentcontrol).

Please call or stop by our office if you are unsure of the registration status of a unit or need assistance.

## Corporations Are Not Tenants

Prompted by concern that some controlled rental units in Santa Monica are being used for purposes other than long-term residential use, the

Rent Control Board recently clarified that **rent-controlled units may only be used to provide long-term permanent housing for individual human beings, not corporations.** Declarative of existing law, Board Regulation 2008, adopted at the Board's August 2018 meeting, specifies that the practice of renting controlled units to corporations or to short-term visitors is contrary to the Board's mission of protecting the existing housing supply. Rent controlled units may only be rented to "persons," and that means only to individual human beings as their permanent residence.

Back in 1979, a "growing shortage of housing units" resulting in a low vacancy rate and rapidly rising rents was a significant part of what prompted the people of Santa Monica to institute rent control. In recent years, the supply of permanent housing has been impacted, as units are rented to corporations or other entities that then sublease them, or rooms within units, for short-term rentals.

Use of the controlled housing stock for these practices is tantamount to "removing" the units from rent control, a procedure that is regulated by the rent control law. Removals are only granted when landlords can demonstrate that it is impossible to make a fair return by leaving a unit on the regular rental market and in limited other cases. Unlawful removals can result in the Board taking legal action against a landlord.

## New Eviction Protection *(cont.)*

The goal of this ordinance is to provide families and students some stability and continuity by eliminating the challenges that educators and students face when they are evicted from their homes while school is in session. The ordinance applies only when tenants are being evicted for no fault of their own. Under the rent control law, no-fault evictions include when owners seek to: recover a unit as a primary residence for themselves or a close family member; withdraw the property from the rental market under the state Ellis Act; or remove the property after obtaining a removal permit granted by the Rent Control Board.

The new ordinance is administered by the City Attorney's Office, Consumer Protection Division, which enforces harassment and antidiscrimination laws throughout the city. For more information, search Santa Monica Municipal Code 4.27.050 or call the City Attorney's Office at 310-458-8336.

For the purposes of this ordinance:

**"Educator"** means any person who works at a school in Santa Monica as an employee or independent contractor of the school or of the governing body that has jurisdiction over the school, including, without limitation, all teachers, classroom aides, administrators, administrative staff, counselors, social workers, psychologists, school nurses, speech pathologists, custodians, security guards, cafeteria workers, community relations specialists, child welfare and attendance liaisons, and learning support consultants.

**"School"** means any State-licensed child care center, State-licensed family day care, and/or any public, private, or parochial institution that provides educational instruction for students in any or all of the grades from kindergarten through twelfth grade.

**"School year"** means the first day of instruction through the last day of instruction on the Santa Monica-Malibu Unified School District calendar.

## Limits on Pass-through of Property-Tax-Related Surcharges

Currently, most landlords may charge tenants a proportionate share of some of the assessments that appear on the property tax bill. These assessments result from measures approved by Santa Monica voters. After hearing from many tenants who experienced large increases in surcharges when a property changed ownership, the Board revised regulations in 2018 to limit these surcharges and to prohibit them altogether in some cases. The surcharges at issue are the Community College Bond; Unified Schools Bond; Stormwater Management User Fee; Clean Beaches & Ocean Parcel Tax; and the School District Special Tax.

Having heard that the pass-through of property-tax-related surcharges was becoming financially burdensome to some tenants, the Rent Control Board made new rules, which prohibit pass-through in the following situations.



### NEW TENANTS

No surcharge may be added to any unit's rent with a new tenancy established on or after March 1, 2018.



### PROPERTY SALE

No surcharge may be added if the parcel was reassessed as the result of a change of ownership occurring on or after March 1, 2018.



### IMPROVEMENTS CAUSING A REASSESSMENT

No surcharge may be added if the parcel was reassessed on the basis of major improvements that were completed on or after March 1, 2018.

Additionally, the Rent Control Board put limits on the total amount of surcharges for any tenancy. Effective September 1, 2018, the total monthly surcharges may not exceed: (1) the actual amount of a unit's proportionate share of the taxes; (2) 4% of the unit's maximum allowable rent (MAR); or (3) \$35; **whichever is less**. In all cases, the owner must have paid the tax, properly noticed the tenant and provided a copy of the property tax bill to the tenant so they can verify the calculations.

**NOTE:** Owners may still collect half of the \$16.50/unit annual rent control registration fee from all tenants, except those who have qualified for registration fee waivers.

### CAUTION NEW OWNERS!

New property owners should be cautious not to continue to collect property-tax-related surcharges when they take ownership of a property. If the selling owner was collecting property-tax-related surcharges, the new owner may not be able to collect the same total rent that the prior owner collected. Collection of more than the total lawful rent can subject an owner to a complaint for excess rent. New property owners must register with Rent Control and are encouraged to check with us regarding the lawful rent for a unit.

## Seminar

### Owning Rental Property in Santa Monica

March 5, 2019 (Tent.)

**Time:** 9:30 am – noon

**Place:** Main Public Library  
601 Santa Monica Blvd.  
Multipurpose Room, 2nd Fl.

At this seminar, owners and managers learn the basics of the Santa Monica Rent Control Law and how to avoid common pitfalls. Topics include rents, amenities, maintenance, eviction limitations, restrictions on change of use, and services available through the Rent Control office.

Please register by calling (310) 458-8751 or by sending an email to [rentcontrol@smgov.net](mailto:rentcontrol@smgov.net).



Tenants whose rental units need repair or maintenance (including painting when it's needed), or whose housing services or amenities have been reduced, may petition to have their monthly rent decreased if the owner fails to make the requested repairs. A rent decrease stays in effect until the necessary repairs have been made or amenities are restored.

For additional information about repairs and maintenance, please contact our office. You may also find answers to your questions in the video of the Maintenance Seminar that Rent Control co-presented with the Code Enforcement Division in October. You can link to the seminar from our website.



**TENANTS**

The amount shown in the circle at left is the MAR for your unit, per Rent Control records. The legal rent for your unit is the MAR plus allowable surcharges, which typically add \$8.25 to \$43.25 to your rent. If you moved in recently, Rent Control records may still list the MAR for the previous tenancy. If the message is "Tenant Call," or if you have questions about your MAR, allowable surcharges, or any rent control topic, please call an Information Analyst at (310) 458-8751.

**OWNERS**

Each June, owners receive a report listing the MAR that is listed in Rent Control's records for every rental unit on their property or properties. If you are an owner, the circle at left should not include a MAR. If a MAR is listed, please call Rent Control at (310) 458-8751.

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**Rent Control Board**

1685 Main Street, Room 202  
Santa Monica, CA 90401

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**Public Counter:** 1685 Main St., Room 202  
M-Th / Alternate F: 8:00-4:30



**Telephone:** (310) 458-8751  
M-Th: 7:30-5:30 / Alt F: 8:00-5:00



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



**Email:** [rentcontrol@smgov.net](mailto:rentcontrol@smgov.net)



**www.facebook.com/santamonicarentcontrol**

**Inside the Fall 2018 issue . .**

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*Limits on the Pass-through of Property Taxes*

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