



Rent Control Board

# Tenants' Introduction to Rent Control

Presented by Staff of the  
Rent Control Agency's  
Public Information Department

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Dan Costello, Public Information Manager  
Rose Patel, Information Coordinator

May 08, 2019

# Topics

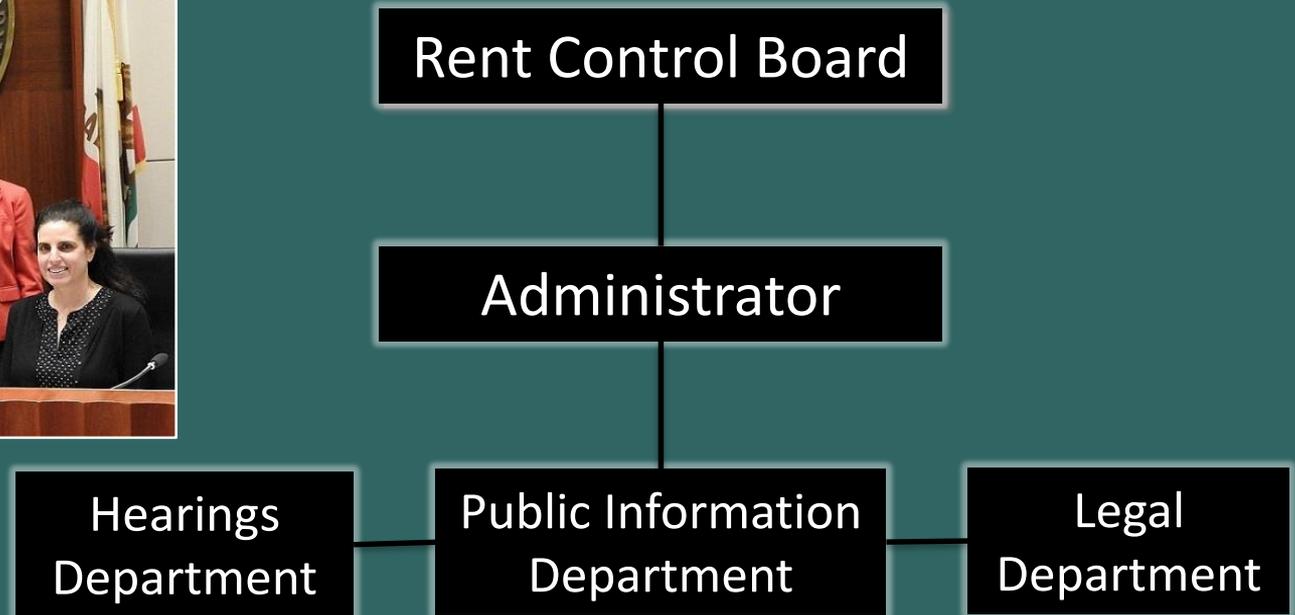
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1. Rent control overview
2. Units subject to Rent Control Law
3. Amount of rent that can be charged and how it's calculated
4. Unlawful rent charges
5. Amenities and maintenance
6. Eviction protections
7. Miscellaneous issues
8. Services available through the Rent Control Agency



# The Rent Control Agency

1. The Rent Control Law became effective on April 10, 1979.
2. It established a governing body separate from City Council and a source of funding separate from the General Fund.



# The Rent Control Law

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- All rent increases during a tenancy are controlled.
- There are eviction protections. The reasons a tenancy may be terminated are limited.
- Remedies are provided for situations where excess rent is charged or maintenance is neglected.
- The physical removal or conversion of controlled rental units is restricted.



# State Law Issues

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- The Rent Control law is limited primarily to the issues just mentioned. Many other landlord/tenant issues are covered by State law or Santa Monica's Municipal Code.
- Examples of State Law issues:
  - The right of a landlord to enter a tenant unit
  - Eviction procedures
  - Return of security deposit
  - Noticing
- To learn more
  - Read: California Tenants – Guide to Residential Tenants' and Landlords' Rights and Responsibilities



# Municipal Code Issues

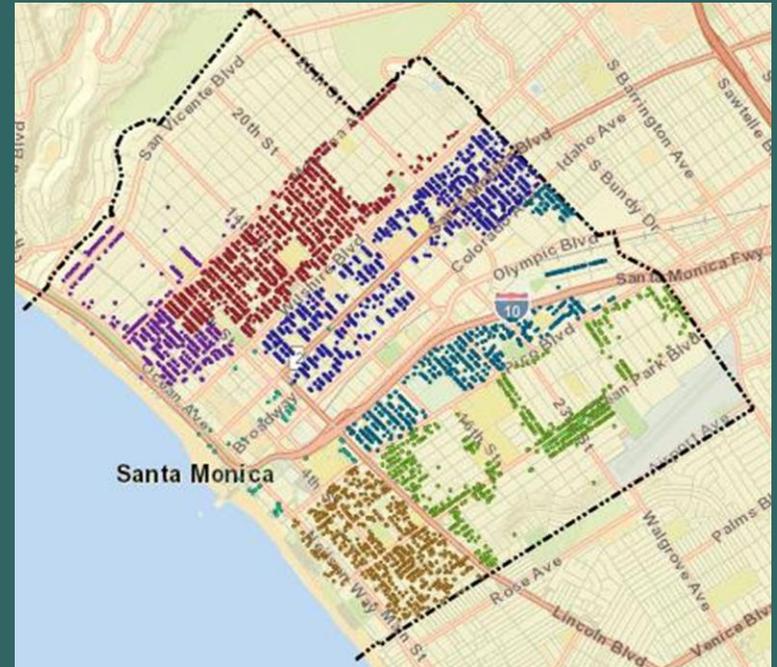
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- As with State law issues, Rent Control's Information Department can only give general information about issues covered by Santa Monica's Municipal Code.
- Examples of issues covered by Municipal Code:
  - Tenant harassment
  - Eviction protection when spouses, children or domestic partners move in with a tenant
  - Permanent and temporary relocation
  - Building code violations
  - Smoke-free residential ordinance



# Units Subject to Rent Control

- Most residential rental units in buildings constructed prior to April 10, 1979
- Primary exceptions:
  - Most single-family homes
  - Most condominiums
  - Most owner-occupied properties having 3 or fewer units
- It is always best to check with the Rent Control Agency to learn if a specific unit is subject to the Rent Control Law.



# Owner-Occupied Exempt Properties

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## Owner-Occupied Exemption Requirements:

- There must be three or fewer units on the property.
- An owner (50%+) must live in one of the units as his or her principal place of residence for 120 days before applying.

## The exemption lapses when:

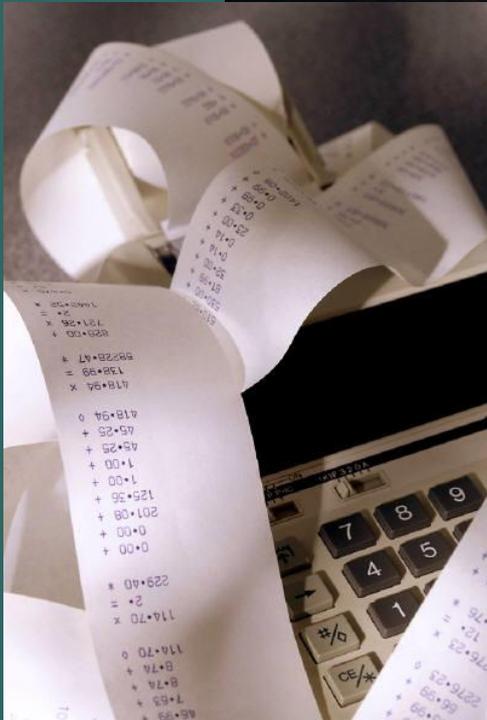
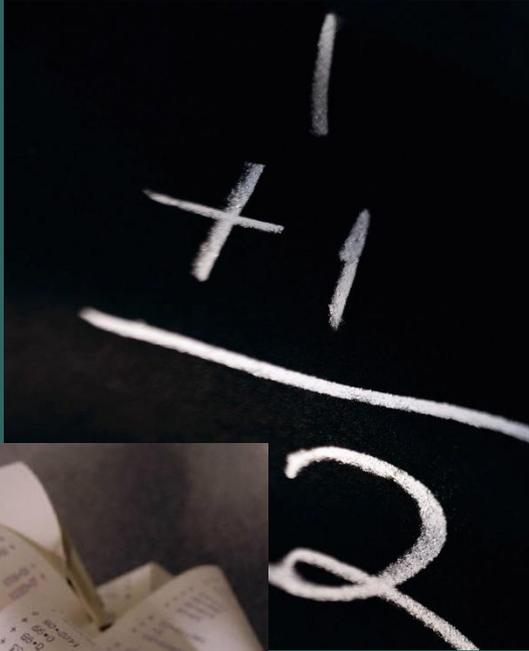
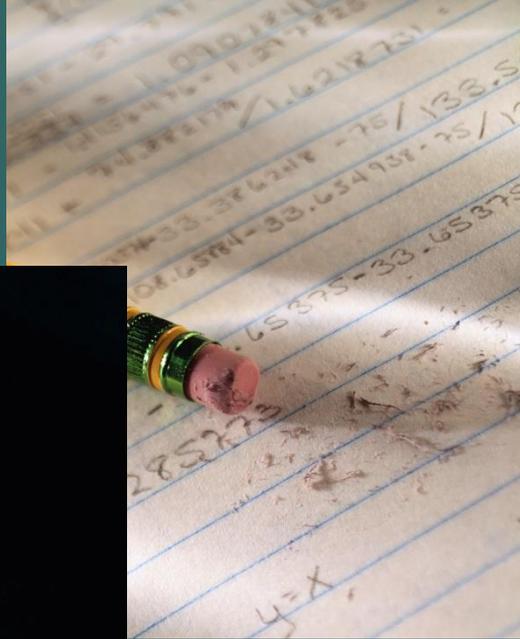
- The owner to whom the exemption was granted stops living on the property as a principal place of residence or no longer owns a 50% interest in the property.
- Exemptions do not transfer to a new owner. Even if the new owner moves onto the property, the new owner must go through the application process.
- Tenants should be aware that while an exemption is in effect, rents are not controlled by the Rent Control Law.



# Questions

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# Calculating the Total Lawful Rent

# Maximum Allowable Rent vs Maximum Lawful Rent

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- The MAR is really the basic amount of the rent. It is the base rent plus allowable yearly increases.
- There may be a difference between the MAR and what you actually pay monthly.
- To the MAR, certain additional charges can be added to get the Maximum Lawful Rent, which is the maximum amount that can legally be charged for a rent-controlled unit.

$$\begin{array}{r} \text{MAR} \\ + \text{Registration Fee Pass-Through} \\ + \underline{\text{Allowable Surcharges}} \\ \hline \text{Maximum Lawful Rent} \end{array}$$



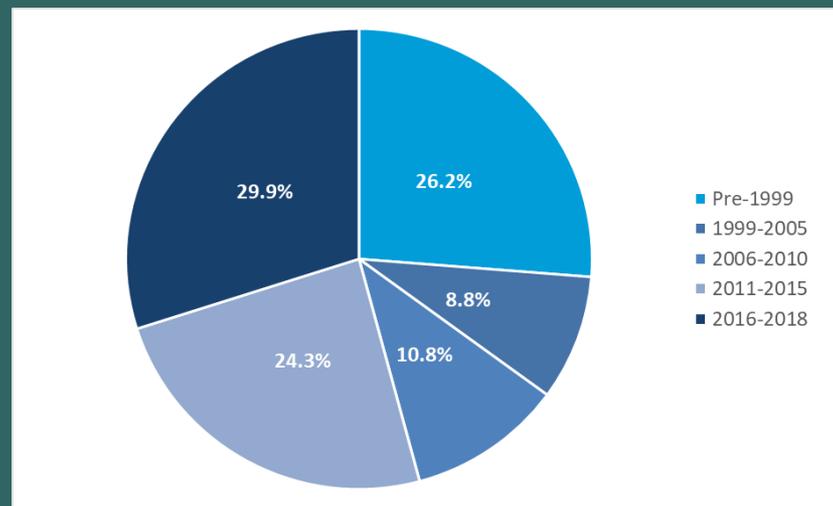
# How the MAR is Determined

## Pre-1/1/99 Tenancies

The MAR is based on the rent in effect on April 10, 1978, plus all subsequent increases approved by the Rent Control Board or otherwise allowed by the Rent Control Law.

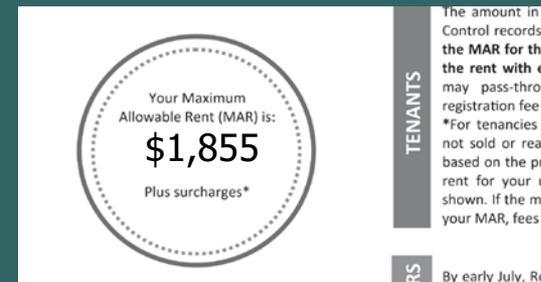
## Post-1/1/99 Tenancies

The MAR is based on the initial rent charged at the beginning of the tenancy, plus all subsequent increases approved by the Rent Control Board or otherwise allowed by the Rent Control Law.



# Checking a Unit's MAR

- The Rent Control Agency keeps track of MARs for all controlled units.
- Call, email or come to the Agency's office during business hours.
- Use the "Look Up A Rent" link on the Agency's website.
- The Agency's newsletters list the MAR for each unit.



# General Adjustment to the MAR

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Each year the Board announces an increase to the MAR, known as the General Adjustment (or GA).

- The purpose of the GA is to provide property owners a fair return.
- The GA is primarily based on 75% of the percentage change in the Consumer Price Index (CPI) for the Los Angeles area for the 12 months ending in March.
- With proper written notice, the General Adjustment goes into effect as of September 1<sup>st</sup> of each year.
- This year, the GA will be 2%. The Board will have a public hearing on June 13<sup>th</sup> to decide whether to set a ceiling based on a formula.



# Registration Fee

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- An annual Registration Fee for controlled units is charged to property owners by the Rent Control Board.

- The fee currently is \$198 per year per unit.

- As long as an owner paid the annual fee on time (usually by August 1), 50% of the registration fee may be passed through to each tenant by including an additional \$8.25 per month in the tenants' rents.

$$\begin{array}{r} \text{MAR} \\ + \text{Registration Fee Pass-Through} \\ + \underline{\text{Allowable Surcharges}} \\ \hline \text{Maximum Lawful Rent} \end{array}$$



# Allowable Surcharges

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- Allowable surcharges are based on an owners' property tax bill. These costs can be divided among units on a property and passed through to the tenants.
- Surcharges for existing tenancies are capped at 4% of the MAR or \$35, whichever is less.
- Surcharges cannot be passed through for new tenancies beginning March 1, 2018, or if a building was sold or has its value reassessed after that date.

$$\begin{array}{r} \text{MAR} \\ + \text{Registration Fee Pass-Through} \\ + \underline{\text{Allowable Surcharges}} \\ \hline \text{Maximum Lawful Rent} \end{array}$$



# Property Tax Bill

- This replica of a property tax bill lists the terms used for the specific costs as they appear on a property tax bill (in bold lettering and labeled 5a through 5e).
- Owners must provide a copy of the tax bill to tenants with their rent increase notice to pass through most surcharges.

2017	ANNUAL PROPERTY TAX BILL	2017
SECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018		
PROPERTY IDENTIFICATION	DETAIL OF TAXES DUE FOR 4200-000-000	
ASSESSOR'S ID NO.: 4200-000-000	AGENCY	RATE      AMOUNT
OWNER OF RECORD AS OF JANUARY 1, 2017	<i>General Tax Levy</i>	
JOE AND JANE OWNER	<i>All Agencies</i>	
MAILING ADDRESS	VOTED INDEBTEDNESS	
OWNER NAME	City-Santa Monica	000.00
MAILING ADDRESS	Metro Water Dist	000.00
CITY, STATE ZIP CODE	5a ▶ <b>COMMNTY COLLEGE</b>	<b>1,258.69</b>
	5b ▶ <b>UNIFIED SCHOOLS</b>	<b>1,187.01</b>
<b>PASS THROUGH ONLY LINES MARKED IN BOLD ▶</b>	DIRECT ASSESSMENTS	
	Flood Control	000.00
	County Park Dist	000.00
	Trauma/Emerg Srv	000.00
	5c ▶ <b>SM STRMH2O FEE</b>	<b>83.19</b>
	5d ▶ <b>SMMUSD-MEAS-R</b>	<b>385.81</b>
	LA West Mosq Ab	000.00
	5e ▶ <b>SM CLN BEACH TAX</b>	<b>203.03</b>
PROPERTY LOCATION AND/OR PROPERTY DESCRIPTION	<b>TOTAL TAXES DUE</b>	<b>\$ 0,000.00</b>
1234 ANYSTREET, SANTA MONICA	FIRST INSTALLMENT TAXES	\$ 0,000.00
Tract #00000 Lot 0	SECOND INSTALLMENT TAXES	\$ 0,000.00

# Notice of Rent Increase

The specific costs from the property tax bill are listed on the Notice of Change in Terms of Tenancy forms (also labeled 5a through 5e) prepared by the Rent Control Agency for use by owners in giving tenants notice of their rent increase.

**A OLD MAR** - Enter the 2017-2018 Maximum Allowable Rent (MAR)..... ❶ \$ \_\_\_\_\_ .00

- Do not include fees and surcharges from last year. Owners: Use amount in Col.1 on MAR Report

**GENERAL ADJUSTMENT (GA)**

- Not applicable if the tenancy started September 1, 2017 or after.
- If Line 1 is \$2,051 or less, multiply amount on Line 1 by .029 (2.9%).
- If Line 1 is \$2,052 or more, enter \$60 ..... ❷ \$ \_\_\_\_\_

**NEW MAR** - Add Lines 1 and 2: Enter the 2018-2019 MAR (round up 50¢ and above) ..... ❸ \$ \_\_\_\_\_ .00

**B RENT CONTROL FEE PASS-THROUGH** - \$8.25 (or \$0.00 if fee waiver is in effect)..... ❹ \$ \_\_\_\_\_

**C SURCHARGES FROM PROPERTY TAX BILL**

- Do not include if tenancy began or property was reassessed on or after 3/1/18

Line Item on 2017 Tax Bill	Amount	÷ by # Units on Property	Monthly	\$ Per Unit
5a Community College Bond <sup>1</sup>			÷12	
5b Unified Schools Bond <sup>1</sup>			÷12	
5c Stormwater Management User Fee <sup>1</sup>			÷12	
5d Clean Beaches & Ocean Parcel Tax <sup>1</sup>		Subtract # of unit(s) with waiver	÷12	
5e School District Parcel Tax <sup>2</sup>			÷12	
		<b>5f</b>	<b>Total (5a,5b,5c,5d,5e)</b>	
		<b>5g</b>	<b>Multiply Line 3 by 0.04 (4%)</b>	
Enter 5f, 5g or \$35, whichever is less ❺				\$ _____

**D 2018/2019 MAXIMUM LAWFUL RENT:** Add Lines ❸, ❹ and ❺ ❻ \$ \_\_\_\_\_

# Waivers of Certain Surcharges

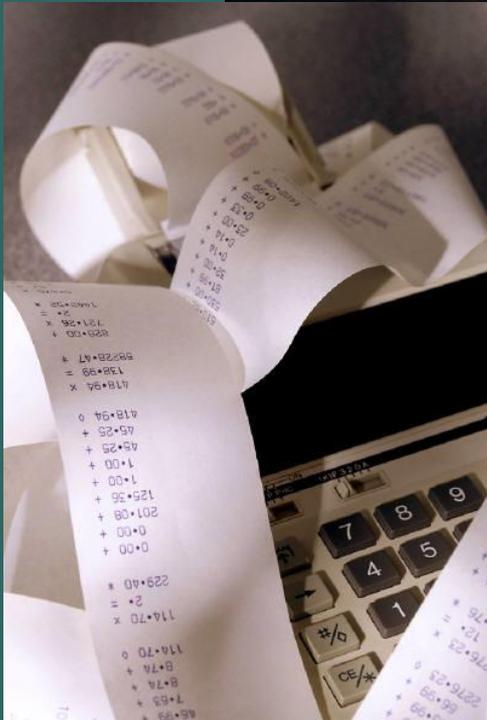
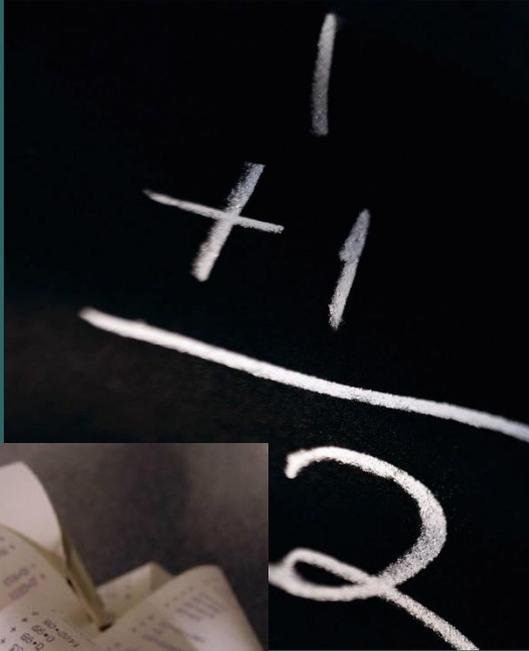
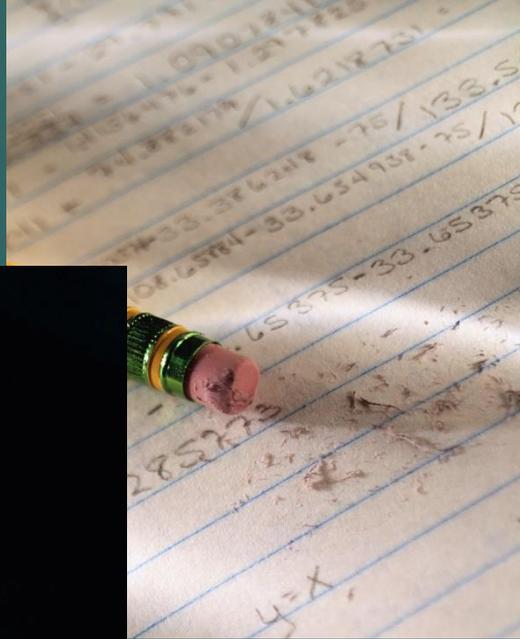
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- Registration Fee Waivers
  - Low-income senior tenants
  - Low-income disabled tenants
  - If a fee waiver is approved, no registration fees are charged for the unit the tenant occupies, and no registration fee surcharge may be passed through to the tenant of the unit.
- Clean Beaches and Ocean Parcel Tax Surcharge Waiver
  - Low-income tenants may apply for a waiver of this surcharge for their units.
  - If a waiver is issued, this parcel tax is not charged for that unit and the surcharge may not be included in the tenant's rent.

# Questions

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# Unlawful Rent Increases

# Charges for Additional Amenities

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- Additional amenities can be added by mutual agreement only.
- There are specific requirements that differ for pre-1/1/99 and post-1/1/99 tenancies.
- Charging for additional amenities without a proper agreement may constitute collection of excess rent.



# Additional Amenities: Pre-1/1/99 Tenancies

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- Owner and tenant may negotiate a “separate agreement” for a monthly rental of amenities that are not “base amenities.”
- Separate agreement requirements:
  - Must be negotiated separately from the rental agreement.
  - Must contain terms comparable to those of similar arrangements in the unregulated market.
  - Continued existence of the agreement is not a condition of the tenancy.
  - Breach or termination of the agreement is not grounds for eviction.



# Additional Amenities: Post-1/1/99 Tenancies

- Owner and tenant agreements for adding these amenities will lead to an increase in the MAR (and a new “base amenity”):
  - Parking
  - Storage
  - Garage
  - Right to have a pet
- Requirements:
  - Must be the result of an arm’s-length negotiation with no pressure on the tenant to accept the amenity.
  - The amount paid for the amenity must be comparable to lawful arrangements in the unregulated market.
  - Owner must register the initial amount charged for the amenity with the Board, which amount is added the MAR.



# Additional Occupants

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1. No provision in the Rent Control Law allows owners to charge additional fees simply for having an additional occupant.
2. A tenant's right to sublet their unit or have guests is usually controlled by the terms of their rental agreement. Violations of rental agreement terms could be grounds for eviction.
3. The Municipal Code prohibits an eviction based on occupants being added if due to: marriage; domestic partnership (if properly registered); or birth, adoption or change of legal custody of a child.
4. If a tenant sublets and no longer permanently resides in the unit, the owner may be entitled to raise the rent.



# Utility Costs

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- Where a building is master-metered and the owner pays the utility company directly and then bills each tenant a share of the cost, passing through utility costs is likely to be considered excess rent.
- Where a unit is separately metered, and the tenant pays the utility company directly, a tenant could be required to pay utility costs.



# Tenants Not-in-Occupancy

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- Rent-controlled units are supposed to be used as the address of usual return for tenants.
- If an owner believes a tenant no longer permanently resides in the unit, he or she may file a petition with the Board to raise the rent to a comparable market-rate rental.
- A decision in favor of the owner is not a reason for eviction.



# Complaints for Excess Rent

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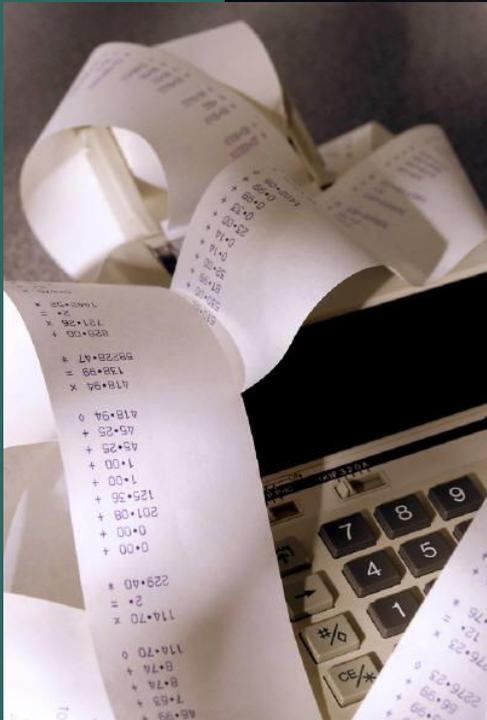
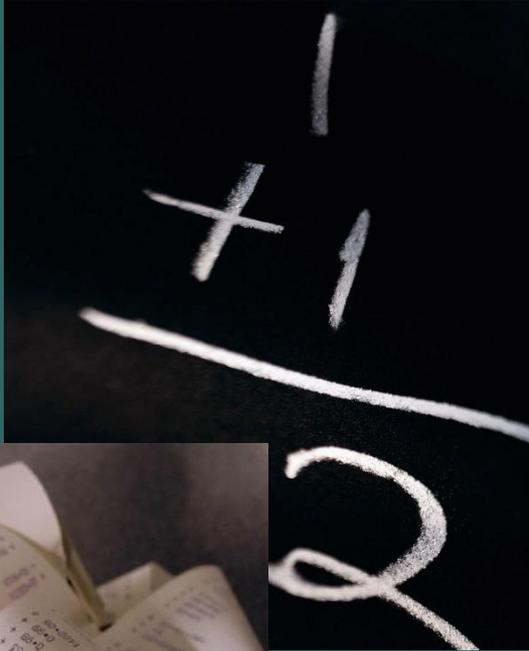
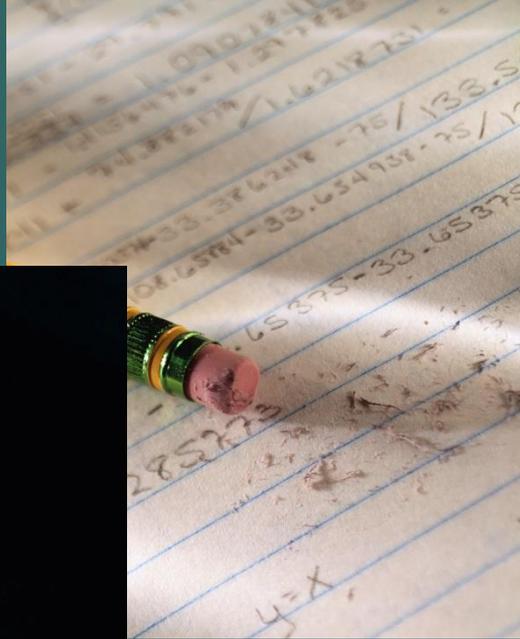
- Complaints for excess rent may be filed by tenants (or subtenants) who believe they have been or are being charged amounts that exceed what is allowed by the Rent Control Law.
- If a Rent Control Hearing Examiner finds that excess rent has been collected, the tenant will be authorized to withhold rent until the amount of excess rent has been recovered.
- The Rent Control Board can only issue awards for excess rent collected in the previous 36 months. Interest and penalties can be included in the amount of an award.



# Questions

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# Amenities, Maintenance, and Rent Decreases

# Base Rent Date

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## Pre-1/1/99 Tenancies

- The base rent date for determining base amenities and housing services is April 10, 1978, or if not rented then, the first date rented thereafter.

## Post-1/1/99 Tenancies

- The base rent date for determining base amenities and housing services is the date the current tenancy began.

**The Rent Control remedy for situations where a property owner has limited or removed base amenities or housing services – the RENT DECREASE PETITION – will be discussed in the next section.**



# Base Amenities & Housing Services & Repairs

- Amenities and housing services that were provided on the base rent date, as well as those required by law, must continue to be maintained and provided.
- Examples include:
  - Parking
  - Appliances
  - The right to have roommate(s)
- Includes common area housing services and amenities, such as gardening, laundry, recreation room, pool, etc.
- Owners must maintain the conditions of a unit.
- Examples of maintenance include:
  - water leakage
  - worn paint
  - heat
  - Plumbing
  - smoke alarms
  - counters
  - grout
  - screens
  - broken windows or doors
  - Insects infestation



# Rent Decrease Petition

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- Tenants can petition for a rent decrease when...
  - an owner reduces or removes base amenities or housing services; or fails to make necessary repairs.
- Beginning April 2019, decreases are calculated from the time the petition is filed.
- Rent decreases remain in effect until:
  - the repairs are made or the amenities or housing services are restored.
- Contact Rent Control for more information about the petition filing procedure or to make an appointment.



# Construction Related Rent Decrease

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- May be granted when a unit is uninhabitable due to construction, when construction substantially reduces a housing service or when construction interferes with a tenant's ability to occupy the unit as a residence.
- No decrease is authorized for unavoidable construction impacts caused by necessary repair or maintenance unless:
  - The construction is carried out in an unreasonable manner, or
  - The construction takes an unreasonably long time to complete
- Regulation 4400 sets a decrease range for many possible issues.
- Mediation service available.
- Decreases are calculated on when the problems arose.



# Code Enforcement

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For some issues, a better remedy might be available through another agency, such as Santa Monica Code Enforcement. In these cases, we will provide a referral and contact information.

- Areas of concern
  - Habitability
  - Structural integrity of buildings
- To file a complaint
  - Call (310) 458-4984, dial 0
  - Code Enforcement home page on the City website



# Temporary Relocation Benefits

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In some situations where a tenant is required to leave their unit in order for maintenance to take place, Santa Monica law requires the property owner pay the cost of the temporary relocation. Examples of such situations:

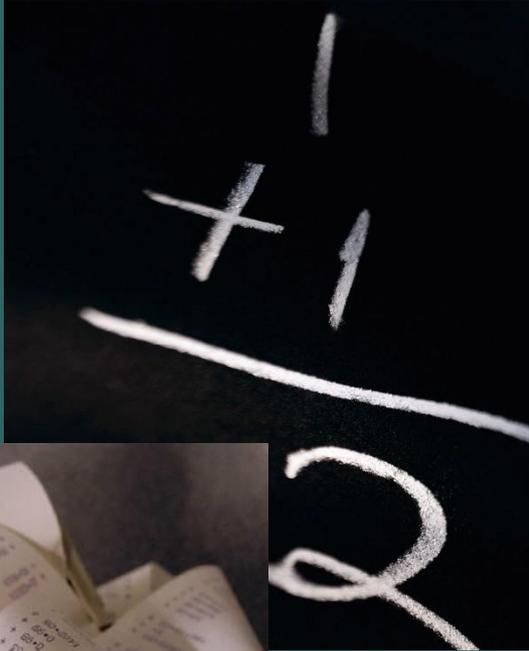
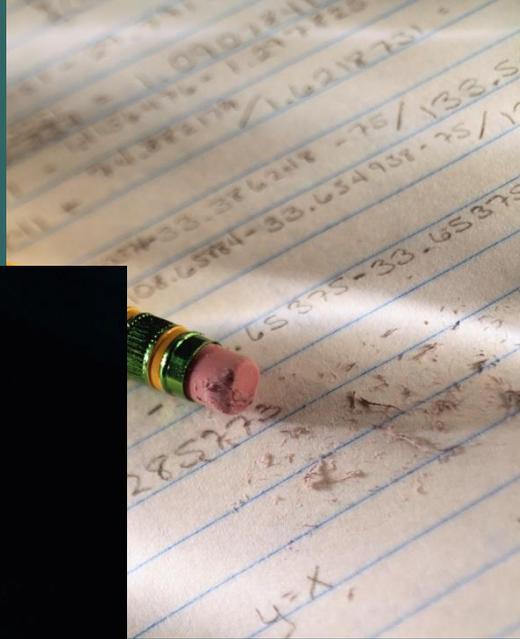
- Termite fumigation
- Construction work that requires tenants to vacate
- Health, Safety or Building code violations where a government agency orders tenants to vacate
- May include where a unit is uninhabitable due to fire, unless caused by the tenant or tenant's guest



# Questions

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# Rent Control Eviction Protections

# Eviction Limitations

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- “Tenant fault” evictions include:
  - Non-payment of rent
  - Violating an important condition of the rental agreement
  - Causing substantial damage or a substantial nuisance
  - Refusing lawful access to the rental unit
- “No-fault” evictions include:
  - Owner-occupancy
  - Withdrawal of a property from the rental housing business (Ellis Act)
  - Removal permit
  - For most “no fault” evictions, there are specific requirements that must be met, including a requirement in the Municipal Code for the payment of relocation benefits to displaced tenants.
- The end of a lease is not a just cause for eviction



# Written Opportunity to Correct

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- In some cases, a written warning must be given prior to service of a three-day notice to cure or quit. Tenants accused of most lease violations, nuisance activity, or of denying an owner lawful access to a unit must be given a written warning and a chance to cure before eviction procedures begin.
- A tenant is entitled to use the owner's failure to serve such a notice as a defense in an eviction action.

# Eviction for Owner-Occupancy

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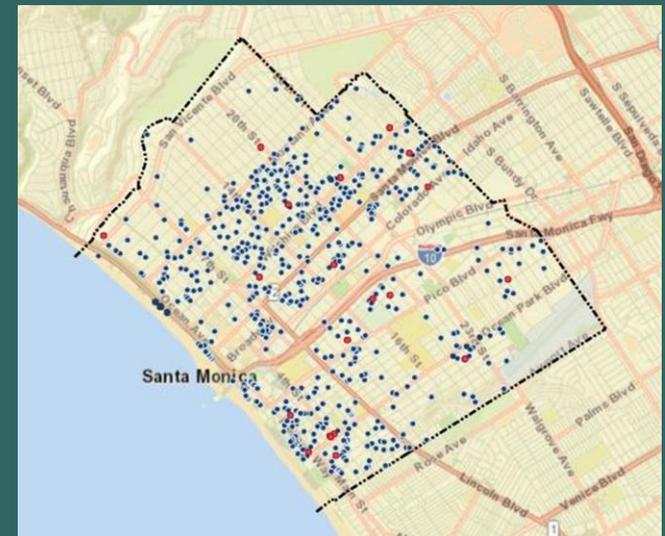
- Owner must be a natural person with a 50% or greater ownership interest, but owner can evict for close relative.
  - Owner or family member (“enumerated relative”) must intend in “good faith” to move in within 30 days of the date the unit is vacated and to occupy the unit as a primary residence for at least one year.
  - Tenants who are terminally ill, or have lived in their units for 5 years and are over 62 or disabled, cannot be evicted for owner-occupancy unless the evicting owner or their close relative for whom they are seeking the eviction is also at least 62, disabled or terminally ill.
- Limited to one unit. Cannot be used if an owner already has possession of a unit.
- There are specific restrictions on the selection of a unit.
- If you receive an eviction notice for owner-occupancy please call Rent Control.



# The Ellis Act

A State law that allows owners to withdraw from the rental business and evict tenants.

- Notices are given initially terminating tenancies in 120 days.
- Tenancies of tenants who are 62 years old or disabled may be extended to one year.
- Withdrawal may not be completed during a tenant's lease term.
- Individual condo units may not be withdrawn.
- Relocation benefits must be paid to tenant being evicted.



# The Ellis Act

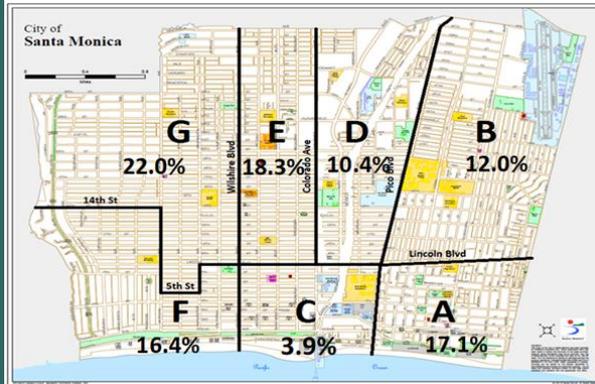
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- Displaced tenants may be able to return to the property if the owner re-rents within ten years.
- If the owner re-rents within five years, the rent is restricted.
- City Ordinance provides additional protection against no-fault eviction for educators and students during the school year.
- Displaced tenants who income qualify may be given priority for affordable housing options in the city.

# Buyouts

- Buyouts are voluntary and are different from permanent relocation fees.
- Landlords must give a tenant a written notice of their rights.
  - The right not to enter into a buyout agreement
  - The right to consult with an attorney and/or the RCB before signing
  - The right to cancel the agreement at any time up to 30 days after signing

City Area	Units	Average \$
A	7	\$76,038
B	4	\$64,302
C	2	\$26,574
D	7	\$28,789
E	17	\$28,591
F	23	\$79,653
G	3	\$26,099
<b>Total</b>	<b>63</b>	<b>\$54,611</b>



Unit Size	# Filed	Average \$
0 Bedroom	5	\$48,016
1 Bedroom	27	\$29,444
2(+) Bedrooms	31	\$77,595
<b>Total</b>	<b>63</b>	<b>\$54,611</b>



# Multi-unit Residential Smoking Ordinance

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- The Municipal Code provides smoking restrictions in multi-unit residences.
- The Rent Control Law prohibits eviction for smoking unless it's in the lease.
- For more information, call the Consumer Protection Unit in the office of the Santa Monica City Attorney.

 (310) 458-8336

 [consumer.mailbox@smgov.net](mailto:consumer.mailbox@smgov.net)

 [www.smconsumer.org](http://www.smconsumer.org)

# Questions

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# Information Sources

- Information Staff
- Newsletters
  - Published twice a year and distributed to all tenants and owners of rent-controlled properties
- Information Sheets
- Website
- Facebook
- Property File/Database



# How to Reach Us



## Office Address

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

Monday – Thursday 8:00 am – 4:30 pm

Alternate Fridays 8:00 am – 4:30 pm

## Phone

(310) 458-8751

Monday – Thursday 7:30 am – 5:30 pm

Alternate Fridays 8:00 am – 5:00 pm

## E-mail

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

## Website

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



# Upcoming Events

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## May

- Board announces amount of annual General Adjustment (GA)

## June

- Board may schedule a public hearing regarding the GA and Registration Fees
- Summer mailing to tenants & owners

## July

- GA workshop (rent increase notices)

## August

- Registration fees due the first (business) day of August

## September

- September 1 is the first day the GA can take effect

## October

- Maintenance Workshop





# Tenants' Introduction to Rent Control

- We appreciate your feedback. Please complete the survey.
- These slides will be emailed to you.
- Next Rent Control Board meeting:  
May 09, 2019 – 7:00pm – Council Chamber

