

## Resolution 16-002

A Resolution of the Rent Control Board of the City of Santa Monica urging the City Council to determine whether there are identifiable factors that increase the likelihood that a rent-controlled property will be removed from the rental housing market.

The Rent Control Board of the City of Santa Monica does hereby resolve as follows:

Section 1. In 1979, the electors of the City of Santa Monica amended the City Charter to add a new article imposing rent control in the city: Article XVIII, now commonly-known as the “rent control charter amendment.”

Section 2. In the very first section of that charter amendment, the statement of purpose, the electors declared their intent to protect tenants of controlled rental units by limiting removal of controlled units from the housing market.

Section 3. Under the rent-control charter amendment, as enacted by the city’s electors, rent-controlled units may be withdrawn from the rental market only under limited circumstances; and only after the Rent Control Board determines that those circumstances are met.

Section 4. In 1984, in *Nash v. City of Santa Monica*, the California Supreme Court upheld the rent control charter amendment’s limitation on the grounds for removing controlled units from the rental housing market, noting that the limitation prevents the law from being undermined by the simple expedient of eliminating the rental units to which the law applies.

Section 5. In 1986, the California Legislature enacted the Ellis Act for the stated purpose of overturning the holding in Nash that landlords could be compelled to continue to offer units for rent.

Section 6. Since its enactment thirty years ago, the Ellis Act has partly undermined the rent-control law, as the reasoning of the City Charter and California courts predicted. As of the end of 2015, there has been a net loss of 2,019 units from the city’s controlled rental-housing stock, due to their permanent withdrawal from the rental market. This means that more than 2,000 real Santa

Monica households—families with children, the elderly, the economically disadvantaged, the disabled, and the young and healthy alike—have been displaced from their homes. Many of those who have been displaced can no longer afford to live in, or even near, the city due to the loss of their rent-controlled apartments.

Section 7. Because the Ellis Act is now part of California’s general law, local governments are preempted from contradicting or impeding it, even to secure the general welfare within their city limits. Nonetheless, the vast majority of Santa Monica landlords have continued to keep their rental units on the rental market. In many instances, this is likely a matter of pure economics: even controlled Santa Monica rents are so high in many instances that it is more economically advantageous for a landlord to rent than to demolish and redevelop their property.

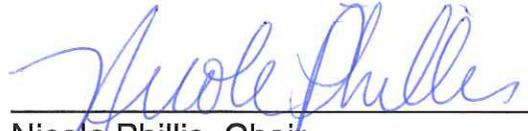
Section 8. Nevertheless, it is the consensus of the Rent Control Board of the City of Santa Monica that a public purpose would be served by a better understanding, based on firm data, of what leads some landlords to withdraw a property from the rental market under the Ellis Act while their neighboring landlords do not. Specifically, the Board believes that, if factors making the withdrawal of properties more attractive, or more likely, could be identified, city policies—planning and zoning policies in particular—might be amended to address those factors, and thereby reduce the loss of controlled housing.

Section 9. Because it was added to the City Charter by a vote of the city’s electors, the rent control law—including its stated goal of limiting the loss of controlled units—is a public policy of the City as a whole. It is therefore incumbent upon all of the city’s officials and policy-makers to ensure that that public policy is respected and fully implemented.

**Now, therefore, be it hereby resolved that:**

The Rent Control Board of the City of Santa Monica recommends that the City Council direct appropriate staff to research and analyze which factors, if any, make Ellis withdrawals more likely. Such factors might include land values, rates of appreciation, zoning, neighborhood, building size, changes in ownership, the ratio of market to long-term rentals, and any other factors that the city’s professional staff might deem relevant. The Board will provide any information in its possession or control that will facilitate this research and analysis.

Passed, approved, and adopted by the Rent Control Board of the City of Santa Monica at a regular meeting held this 14<sup>th</sup> day of July, 2016.

  
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Nicole Phillis, Chair

Attest:

  
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Lonnie Guinn, Board Secretary