

SANTA MONICA
RENT CONTROL BOARD
ANNUAL REPORT

JULY 1999 THROUGH JUNE 2000

January 25, 2001

TABLE OF CONTENTS

SIGNIFICANT DEVELOPMENTS IN 1999/2000	2
Market Vacancy Increases	3
Public Outreach	4
Construction-Related Rent Decrease Petitions ...	5
CHANGES IN THE HOUSING STOCK	6
Tracking Residential Development	6
Completed Construction	6
The Ellis Act	7
TORCA	8
Removal Permits	8
Exemptions	9
Summary of Changes in the Housing Stock	10
PROGRAMS, POLICIES AND ADMINISTRATION	11
Significant Legal Decisions	11
Regulations	11
Incentive Housing Program	12
Annual General Adjustment	13
Petitions/Hearings	13
Fee Waivers	19
THE WORK OF THE RENT CONTROL BOARD BY DEPARTMENT	20
APPENDIX A: MAP OF SANTA MONICA AREAS	A-1

SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JULY 1999 THROUGH JUNE 2000

SIGNIFICANT DEVELOPMENTS

The Rent Control Charter Amendment provides that the Rent Control Board shall report annually to the City Council on the status of Santa Monica's controlled rental housing. Again this year, the biggest impact on the controlled housing stock continues to be the influence of state law.

- ◆ The state's Costa-Hawkins Act took effect on January 1, 1996. Between 1996 and December 31, 1998, this law allowed rent increases of up to 15% upon voluntary vacancy of a unit. For new rentals beginning January 1, 1999, the Costa-Hawkins Act mandated full implementation of vacancy decontrol/recontrol.
- ◆ From January 1, 1999 through June 30, 1999, 1,961 market increases were filed. In FY 1999/2000, 3,494 market increases were filed.
- ◆ The possibility of market rents has contributed to increased renovation/construction activity by owners. In FY 1999/00, rent control regulations were enacted providing rent decreases to tenants unreasonably impacted by substantial repairs and upgrades taking place in their buildings.
- ◆ Effective January 1, 2000, the Ellis Act, which allows owners to withdraw from the residential rental market, was amended by the state legislature. Changes included increasing the length of time for tenants to relocate from 60 to 120 days, with a special provision allowing senior and disabled tenants up to one year to vacate their apartments.
- ◆ The escalation of Ellis activity which began in FY 1998/99, increased in FY 1999/00. During the 1999/00 fiscal year, 45 properties with 226 units completed the withdrawal process. Three properties with a total of 12 units returned to rent control after having been withdrawn in previous fiscal years. One property with four units was pending re-rental as of June 30, 2000.

MARKET VACANCY

INCREASES

On January 11, 2001, the Rent Control Board reviewed "The Impact of Market Rate Vacancy Increases - Two-Year Report". The report covers the first two years of full vacancy decontrol-recontrol (January 1999 - December 2000). Although the time period analyzed extends beyond the time period covered by this annual report, its findings are summarized here to provide an overview of the impact of vacancy decontrol after two years.

On January 1, 1999 vacancy decontrol-recontrol began and owners were allowed to raise the rents on vacant units to market rate. During the first year (January 1 - December 31, 1999), owners filed 3,796 vacancy market increase forms with the Rent Control Agency. Excluding multiple registrations on the same unit, 3,192 units were impacted. During the second year (January 1 - December 31, 2000), 3,684 market increase forms were filed, impacting an additional 2,487 units for the first time. The remainder of the forms filed either involved a subsequent market rate increase for a unit already impacted, or were filed on units not eligible for an increase. The impact of the increases on rents is summarized below.

- ◆ Vacancy-related increase forms were filed at approximately the same rate in both the first and second year. In both years, the heaviest filing period was July – September.
- ◆ Excluding multiple increases on the same unit, 5,679 units have received market increases.
- ◆ Upon re-rental, median MARs have increased from \$568 to \$824 (45%) for 0-bedroom units, from \$645 to \$1,095 (69%) for 1-bedrooms, from \$818 to \$1,528 (87%) for 2-bedrooms and from \$1,061 to \$1,900 (79%) for 3+ bedroom units.
- ◆ Once a unit is rented at market rate, the tenant has less incentive to stay in place and therefore the unit may receive subsequent increases in a relatively short period of time. At the end of the second year, 1,144 units had two reported increases, 168 units had three reported increases, 27 units had four reported increases and 9 units had five or more reported increases.
- ◆ Depending on the number of bedrooms in a unit, the household income needed to "afford" the median market rent is \$14,600 - \$31,000 higher than the income needed to afford the pre-increase median rent of the same size unit.

- ◆ Vacancy increases on 5,679 units have resulted in the loss of 3,635 units that had rent levels formerly affordable to low-income households (80% of median income) including 2,269 units with rent levels formerly affordable to very low-income households (50 and 60% of median income).
- ◆ Before the increases, 78% of these units were affordable to low-income households. After the increases, just 14% remained affordable at the low-income level.
- ◆ Before the increases, 19% of these units were only affordable to households with a moderate income or above (100% of median and above). After the increases, 86% of the units were only affordable to households at the moderate-income level or above.

PUBLIC OUTREACH

This fiscal year the Board published three issues of its newsletter, "Rent Control News," which is mailed to all tenants and owners. The Fall 1999 issue featured articles on the impact of market rate increases on rent control; the importance of tenants abiding by their rental agreements; and, tenant harassment.

The January 2000 issue contained articles on changes in the Ellis Act that enhanced tenants rights; recent increases in permanent relocation fees; tenant relocation during apartment rehabilitation; amendments to the Costa-Hawkins Act; and, earthquake preparation reminders.

The third issue of the fiscal year, mailed in April 2000, contained articles on HUD-authorized increases in rent subsidies to owners participating in the Section 8 program; the deadline for submitting applications for Section 8 rental assistance; and, the impact of market rents during the 1999 calendar year.

In June of 2000 the traditional summer mailing to owners included unit-by-unit reports of the current maximum allowable rents and entitlement to general adjustments. The tenants' summer mailing again reported the maximum allowable rent for the unit.

www.santa-monica.org/rentcontrol/ Interest in the Agency's internet web site continued to grow this year. During the fiscal year, the site received 28,749 web surfers who initiated 76,000 web page "hits." The maximum allowable rent (MAR) database, with rents for each controlled unit in Santa Monica, was accessed 8,420 times. Additionally, staff responded to approximately 176 e-mails.

As in previous years, Board staff attended various community events and neighborhood meetings to provide information and answer questions. These included the Wilshire/Montana Neighborhood Coalition annual meeting, the Mid-City Neighbors annual convention, and the 2000 Santa Monica Festival in Clover Park. On two occasions, presentations were made to AAGLA (the Apartment Owners Association of Greater Los Angeles).

**CONSTRUCTION-
RELATED RENT
DECREASE
PETITIONS**

On October 1, 1999, the Rent Control Board enacted Regulation 4400, designed to help mitigate the impacts of certain construction activities on tenants residing in buildings undergoing substantial rehabilitation.

These regulations apply to tenants experiencing: (1) significant problems due to unreasonable and/or unnecessary repairs to existing amenities or housing services, or unnecessary upgrades to the building; (2) reduction of housing services due to construction activities; and/or (3) interference with the occupancy of the unit. The decrease amounts are based, in part, on length of time tenants experience problems and the specific impact on the petitioning tenants.

In calculating a construction-related decrease, the hearing officer may consider impacts that date back to the date the owner was initially noticed by the Agency. Thus, the decrease would remain in effect long enough to cover the entire time period such impacts or impairments are in existence.

CHANGES IN THE HOUSING STOCK

In order to follow changes in the housing stock in different areas of the city, several years ago the Rent Board divided the city into seven areas, which parallel neighborhoods and census tracts. Removals, Ellis activity, TORCA statistics, development, and other data are identified and analyzed by area.

A map of the city areas and percentage of rental units in each can be found in Appendix A.

TRACKING RESIDENTIAL DEVELOPMENT

The Rent Control Board tracks residential development in the City using Planning and Building Department records and permits as well as Rent Control records¹.

COMPLETED CONSTRUCTION

The construction detailed in this section relates to developments that were completed in 1999/2000. It includes properties that either previously contained at least one controlled residential unit, or were previously non-residential, but were developed with residential units.

Six new developments containing a total of 93 new residential units were completed, replacing 24 previously rent-controlled residential units and 9 units that had non-rental exemptions. Seven of the previously controlled units were developed into a school.

- Condominiums
- One property which had non-rental exemptions for 9 units was developed with 13 condominiums and 1 deed restricted moderate income unit.
 - One property with 1 controlled unit that was Ellised in 1989 was developed with 6 condominiums.

¹ All information related to new construction comes from the City's PERMIT system.

Rentals

- One property which received a Category D Removal for 5 units was developed with 17 deed restricted low income units. Of those 17 units, four were rent control deed restricted, 13 were city deed restricted.
- One property which received a Category D Removal for 11 units was replaced with 25 deed restricted units for Disabled/HIV housing. These units are not controlled.
- Two properties which were not previously rent-controlled and had no residential rental units, were developed with 31 units; 24 at market rates, 6 deed restricted at low income, and 1 deed restricted at moderate income.

Other Uses

- One property with 7 rental units that was Ellised in 1997 was converted into a school with no residential units.

Residential development fitting the parameters described above was completed in five of the seven areas in the City:

<u>City Area</u>	<u>Units completed in FY 99/00</u>	<u>Rental Units previously removed from these sites</u>
B	31	12
D	22	0
E	17	12
F	14	0
G	<u>9</u>	<u>0</u>
Total	93	24

THE ELLIS ACT

As of June 30, 2000, 278 properties remained withdrawn from the residential rental housing market by way of the Ellis Act. This represents the withdrawal of 1,386 units. Four properties with a total of 19 units that were pending withdrawal as of June 30, 2000, have subsequently completed the process.

Prior to July, 2000, forty-six formerly withdrawn properties, comprised of 89 units, returned to the rental housing market under rent control.

The filing of withdrawals continued to accelerate in FY 99/00. There was a rush of Ellis filings near the end of 1999, prompted in large part by changes

in the Ellis Act effective January 1, 2000, providing additional protections for tenants on Ellised properties. In December, 1999 alone, 26 properties with 192 units began the withdrawal process (although the largest of these, representing 39 units, subsequently revoked their application).

During the period July 1, 1999 through June 30, 2000, 45 properties with 226 units completed the withdrawal process. Three properties with a total of 12 units came back under rent control after having been withdrawn, and one other property with four units was in the process of returning to the rental market.

TENANT OWNERSHIP RIGHTS CHARTER AMENDMENT (TORCA)

In 1984 Santa Monica voters approved the Tenant Ownership Rights Charter Amendment (TORCA) through which an apartment building could be converted to condominiums if a sufficient number of tenants approved and agreed to purchase their units. Not all converted units are lost from the rent control housing stock immediately. Current tenants may continue to occupy them. However, once a tenant moves and the unit is bought and owner-occupied, it is unlikely that it will again be available on the rental market.

The provisions of the TORCA law ended on June 30, 1996. Applications filed prior to the deadline have been processed, but the City cannot accept new applications.

As of June 30, 2000, TORCA conversions had been approved for 324 properties containing 3,243 units.* Of those, 1,913 units had been sold on 235 properties; 434 units on the same properties had not been sold. On 89 of these conversions, none of the 896 units had been sold.

One property (Mountain View mobile home park) containing 141 units, was pending conversion at the end of the fiscal year.

REMOVAL PERMITS

To protect the controlled rental housing stock, the Rent Control Board applies the provisions of the Charter to decide whether or not to grant removal permits. There are two types of removals which the Board may grant:

- *Category C -- if the Board finds that the unit is uninhabitable and cannot be made habitable in an economically feasible manner.*
- *Category D -- if the permit is being sought so that the property can be developed with multifamily rental units, and at least 15% of the controlled units to be built will be deed restricted at rents affordable to low income people.*

* These figures are lower than those reported last year due to corrections in data received from the Planning Department.

In the period July 1, 1999 through June 30, 2000, the Board granted five Category C removal permits for uninhabitable properties, or uninhabitable units on otherwise habitable properties. This resulted in the removal of sixteen total units. In addition, the Board modified the terms of one Category D removal permit and denied a removal permit application based on the claim that the maximum allowable rents of the units do not provide a fair return and that the landlord cannot rent the units at the rent necessary to provide a fair return.

EXEMPTIONS

The Rent Control Law applies to all residential rental units in Santa Monica except those the Charter exempts under a number of different criteria. There are two kinds of exemptions: 1) use exemptions, which the owner retains as long as the criteria for which the exemption is granted remain in effect; and 2) permanent exemptions.

Permanent Exemptions -- *Permanent exemptions are granted for single family dwellings not used as rentals (§1815) and for new construction (§1801).*

In this fiscal year, there were 26 declarations submitted for single family dwellings stating that the structures were not rented on July 1, 1984. One other single family dwelling was approved for exemption under §1815 based on the owner's two year occupancy.

Use Exemptions -- *Use exemptions were granted this year in the following situations:*

- *Rental units on properties with two or three units, one of which is occupied by the owner;*
- *Residential units for which rent has never been collected since the beginning of rent control (non-rentals).*

The following use exemptions were granted:

<u>Type of exemption</u>	<u>Number of units affected</u>	<u>Number of properties affected</u>
owner-occupied	114	45
non-rental	<u>1</u>	<u>1</u>
Total	115	46

These exemptions do not all represent a loss of controlled rental units from the housing stock in 1999/00. Six properties with a total of 14 units received owner-occupied exemptions for the first time. The balance of the owner-occupied properties had previous exemptions.

**SUMMARY OF
CHANGES IN THE
RENTAL MARKET**

<u>Activity</u>	<u>Reduction in controlled units</u>	<u>Increase in controlled units</u>	<u>Net change in controlled units</u>
Ellis activity	-226	+12	-214
Category C Removals	-16		-16
Category D Removals	0	+4	+4
New use exemptions	<u>-14</u>	<u>—</u>	<u>-14</u>
Total	-256	+16	-240

PROGRAM, POLICIES AND ADMINISTRATION

SIGNIFICANT LEGAL DECISIONS

The first appellate court to interpret the Costa-Hawkins Act, which mandates vacancy decontrol-recontrol in Santa Monica and other cities with strong local rent control laws, handed down its decision this year. In *Cabinda v. SMRCB*, the court found that the Board's regulations defining voluntary vacancy and setting forth a procedure to determine the correct rent after vacancy during the period of partial vacancy decontrol (January 1, 1996 through December 31, 1998) were preempted by the Act.

Although the appellate court certified its decision for publication, the Board, joined by several cities and legal services organizations throughout the state, was successful in obtaining an order by the California Supreme Court to have the appellate court opinion depublished. The Cabinda case may, therefore, not be cited by parties in other lawsuits and its overbroad language regarding issues not raised in the case may not be misused in other cases.

REGULATIONS

In 1999/2000, the Board adopted, amended, or repealed 28 regulations. Many of the regulations were adopted in response to amendments to the Ellis Act and the Costa-Hawkins Act by the state legislature. In addition, the Board updated its exemption regulations for owner-occupied, three-or-fewer-unit properties and developed a procedure for construction decreases.

Several amendments to Chapter 16 of the Board regulations were adopted to conform to amendments to the Ellis Act. The act, which allows landlords to withdraw from the residential rental business and provides requirements for their re-entering the rental market, was amended by the state legislature, effective January 1, 2000. The amendments expand some tenant protections, to: (1) increase the length of time for the withdrawal from 60 to 120 days, allowing tenants evicted under the act additional time to vacate their units; (2) allow disabled and senior tenants one year to vacate their units, if they comply with certain requirements; (3) require owners who re-enter the rental market within two years of the withdrawal date (rather than the original version's one year) to offer units to displaced tenants who gave notice of their desire to re-rent; and, (4) allow a displaced tenant three years in which to sue an owner for actual and punitive damages for failure to offer the unit to the tenant. The prior version of the act limited punitive damages to six months' pre-displacement rent.

In addition, the Board amended its regulations covering owner-occupied exemptions of properties with three or fewer units, to clarify that, in order to obtain the exemption, owners must continuously live in a unit on the property as their principal residence for at least thirty days before filing for the exemption. The Board also added a regulation requiring owners of properties which obtained such an exemption to notify the Board no later than fourteen days after they no longer live on the property as their principal residence or they no longer own at least 50% of the property.

Finally, the Board adopted regulation 4400, which provides a procedure for rent decreases to tenants of buildings undergoing substantial repairs and upgrades, for interference with the occupancy of their units and loss of housing services caused by the construction. This regulation compliments a city ordinance passed in June, 1999 which requires a landlord submitting building permit applications to prepare a means and methods plan detailing construction impacts on tenants. If the construction affects the habitability of the units, landlords may be required to submit a detailed temporary relocation plan for all affected tenants.

INCENTIVE HOUSING PROGRAM

In 1984, as part of a Charter Amendment, Santa Monica voters passed a provision [§1805(i)] which authorized the Board to "enact regulations to provide for increases of rents on units voluntarily vacated where the landlord has dedicated a percentage of units to be rented at affordable rates to low-income tenants." In 1989 the Board passed Chapter 17, "Regulations for Inclusionary Housing Pilot Program."

During the ten years the program has been in effect, the Rent Control Board has approved 42 contracts. Four of the contracts were subsequently withdrawn. Two were terminated by the Board. Eleven contracts have expired. Of those 11 contracts, 44 dedicated units remain in place. Twenty-five properties with 140 units remain active, 70 dedicated units and 70 incentive units. As of June 30, 2000 there are 70 inclusionary sets in place.

In total, there are 114 dedicated units. Eighty-five of these are rented to households qualifying as "very low income," the remaining 29 units are rented to households qualifying as "low income."

ANNUAL GENERAL ADJUSTMENT

The annual General Adjustment is a determination made yearly by the Board which allows all landlords to raise rents by a specified amount to keep pace with the increase in operating expenses.

For the 1999/00 Annual General Adjustment effective September 1, 1999, the Board used the "pie method" to analyze the increases in operating costs by the various components of the rent dollar. This is the same methodology that has been used over the last several years.

The Consumer Price Index, on which a large part of the calculations are based, continued this year at a historically low level. As a result, the Board again adopted a general adjustment in maximum rent levels of 1.0 percent or \$4, whichever was greater. The \$4 was set to provide a minimum increase to apartments with the lowest rents assuring owners of the minimum necessary to cover their actual costs.

As in the prior year, the Board also set a maximum rent increase, or ceiling, of \$9, again determining that no more than that amount was necessary to allow owners of rent controlled properties to recover increased operating expenses.

PETITIONS/HEARINGS

The Hearings Department receives cases involving Rent Increases, Rent Decreases, Excess Rent, and Base Rents/Amenities determinations. In addition to conducting hearings in these areas, the Department also provides mediation as part of the Decrease and Excess Rent process, as well as with some matters not brought by petition.

***Increase Petitions** -- Property owners may petition the Rent Control Board for rent increases above the yearly general adjustment due to completed or planned capital improvements, lack of a fair return or increased operating expenses not covered by the general adjustments.*

In FY 1999/00, the Hearings Department received 8 increase petitions. Hearing Examiners issued decisions in 7 cases (including one filed the prior year). Four increases were granted and three cases were denied. One petition was dismissed. One petition was pending at the end of the fiscal year.

Professional Expenses Addenda -- Professional expenses addenda are issued by hearing examiners in response to requests from owners and tenants in relation to the owner's pursuit of constitutional rights with regard to the Rent Control Law. The professional expenses category was added in 1994/95 in response to the State law which required it. State law no longer requires the procedure, and the regulation was repealed effective January 1, 1999. However, petitioners who filed cases while the regulation was in effect could still request an addendum for such fees.

In FY 1999/00, one professional expenses addendum was issued. That addendum (requested by the landlord), authorized fee surcharges.

Hardship Addenda -- Low income tenants may apply for hardship addenda when increases granted exceed 12% of the MAR or \$50, whichever is greater. The addenda schedules out the increase over a period of time, not exceeding 60 months.

Four hardship addenda were issued for five tenant applicants. Two applicants qualified as low income.

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. The tenant must first request 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 the owner makes required repairs or restores services for which a decrease was granted, the decreased amount is reinstated to the rent. When a decrease petition is filed, a settlement/mediation conference is scheduled to resolve the issues without a hearing, if possible.

Received for Mediation

98

Successful	<i>Fully Resolved</i>	35
Resolutions:	<i>Partially Resolved Mediation on-going</i>	2
Withdrawn or Dismissed		4
Pending at end of year		<u>7</u>
		48
Partial resolution-referred to hearing		8
No resolution-referred to hearing		35
Declined mediation-referred to hearing		<u>7</u>
		50
From prior fiscal year:		
Successful	<i>Fully Resolved</i>	8
Resolutions:	<i>Partially Resolved Mediation on-going</i>	1
Withdrawn or Dismissed:		<u>3</u>
		12

Success rate based on 89 cases (98 plus 12 from prior year, less pending (7), withdrawn/dismitted (7) and declined mediation (7):

Overall success rate -- 61%

Fully successful -- 48%; partially successful -- 12%

Received from Mediation for Hearing

Decreases granted	27
Decreases denied	2
Dismissed	3
Withdrawn	5
Pending	13

Decisions were issued in 29 cases. Decreases were granted in 27 of those petitions. Twelve additional decisions were issued on petitions that were pending from the prior fiscal year. Decreases were granted in all 12 of those petitions.

Reinstatement of Decreases -- *Reinstatement of decreases occurs upon receipt of a Request for Proposed Addendum and verification that the conditions were corrected.*

In FY 99/00 the decreases in seven of the 27 approved petitions were fully reinstated within the same fiscal year and partially reinstated in another three petitions. For prior year cases decided in 1999/00, decreases were fully reinstated in 6 cases and partially reinstated in another 4 cases.

Reinstatements also occurred for 24 decisions issued in prior years. Decreases were fully reinstated for 13 decisions and partially reinstated for the remaining 11.

Administrative Petitions -- *Administrative petitions may be filed when an individual decrease petition cites a common area problem such as a leaky roof, dangerous stairs, loss of laundry room, etc. Administrative petitions are filed on behalf of all tenants not covered by the individual decrease petition. If a decrease is warranted for the common area problem, all affected units may then be authorized to take such a decrease.*

During FY 99/00 one administrative common area decrease petition was filed in conjunction with an individual decrease petition. This petition was still pending at the end of the fiscal year. However, a decision was issued during FY 99/00 on a case filed in the prior year. Decreases affecting 17 units were authorized; those decreases were fully reinstated by the end of the fiscal year.

Base Rent Petitions -- *Any owner, former owner, tenant or former tenant of a property, or any Board Commissioner or the Board's Administrator may petition for a hearing to establish a correct rent or apartment/building amenities.*

In fiscal year 1999/00 ten Base Rent/Amenities petitions were received by the Hearings Department – 5 related to base amenities and 5 related to base rents.

Of those 10 petitions received, 3 were withdrawn and 1 was dismissed. Two of the petitions with base rent issues were decided and approved during the same time period (FY 99/00). The remaining 5 petitions were still pending at the end of the fiscal year.

A decision was also issued on a petition filed in a prior fiscal year. That petition concerned the base rent of the unit, and was denied.

Excess Rent Complaints -- Board regulations provide for a settlement phase prior to a hearing in excess rent complaints. The purpose of the settlement phase is to provide an expeditious mechanism for tenants and owners to meet and resolve their differences informally, with the assistance of a skilled intermediary. Unresolved cases are decided by a hearing.

During FY 99/00, 51 complaints alleging excess rent were submitted and 3 complaints were submitted for non-registration. One of the 54 complaints contained both an excess rent claim and a non-registration claim.

Complaints are submitted but not filed for a variety of reasons including: the tenant has not shown a valid claim of excess rent; the property is not under the jurisdiction of the Rent Control Law, i.e., it has an owner-occupied exemption; or the tenant withdraws the complaint prior to filing in favor of going to court. Of the 54 complaints submitted, 5 were withdrawn, 3 were rejected and one complaint for non-registration was dismissed.

Of the 45 complaints accepted for filing, 3 were resolved prior to formal mediation by owners paying tenants the amount of overcharge claimed by the tenant, 2 were withdrawn, and 2 were dismissed for lack of jurisdiction. The remaining 38 complaints received in 1999/00 were forwarded to the Hearings Department for mediation, though only 31 were forwarded prior to June 30, 2000.

Excess Rent Mediations

The Hearings Department Mediator received 31 new cases during FY 99/00. Thirteen cases were resolved through the mediation process. Seven cases were sent to be resolved through hearing, one case went directly to hearing when the participant declined mediation. One case was withdrawn when the petitioner chose to pursue his/her remedy in court; one was dismissed; two cases were resolved prior to mediation, and; six cases were in the settlement/mediation process at the close of the fiscal year.

Received for Mediation during FY 99/00	31
Settled through Mediation	11
Withdrawn-Resolved	2
Settled before Mediation	2
Withdrawn-Chose to go to Court	1
Dismissed	1
Referred to Hearings	7
Directly to Hearing-No Mediation	1
Pending	6

Excess Rent Hearings

The Hearings Department received 37 complaints for excess rent and non-registration. (Seven of those complaints were referred from mediation. The other 30 cases came directly to hearings, including 24 cases filed on the Village Trailer Park.) Three of the 37 cases were for non-registration only. One case contained both an excess rent claim, and a non-registration claim.

During FY 99/00, decisions were issued in 17 excess rent cases (one case was received in the prior fiscal year). In 16 cases, the excess rent violation was substantiated and rent withholding was authorized. In one case, the violation was substantiated but rent withholding could not be authorized as the tenant no longer occupied the subject unit.

Seventeen of the 37 cases were still pending at the end of the fiscal year. Petitioners withdrew 2 of the non-registration cases upon proper registration by the landlord; one was dismissed. One excess rent case was withdrawn prior to issuance of a decision.

Vacancy Increase Petitions -- *In vacancy increase cases where a unit did not appear eligible for an increase, parties who disputed the facts could file petitions for an evidentiary hearing. Due to the decision in the Cabinda case, this process has been eliminated.*

No new petitions of this type were received during FY 99/00. However, decisions were issued in three cases received during the prior fiscal year. The decisions determined three cases were entitled to vacancy increases based on qualifying vacancies. The regulation authorizing the filing of this type of petition was repealed shortly after the end of FY 99/00 as a result of a court decision.

Non-Petition Mediations – *The Agency seeks to resolve landlord-tenant disputes other than those brought by petition. The case may arise through direct contact with an owner or tenant, or by referral from another staff member or City Department.*

The mediator handled 24 non-petition cases during the year. Eighteen were resolved through mediation. In one case mediation was offered but not used by the parties, and in another 4 cases, the issues were not appropriate for mediation.

Twenty cases arose from direct contact by members of the public. Four cases were referred from within the Agency and the mediator made the initial contact. Of the 24 non-petition cases, sixteen were supplemental mediations by parties whose cases were closed due to the issuance of a hearing officer decision.

New Categories

Exemptions – *Although many owner-occupied exemption cases are decided without a hearing, there are occasions when a hearing is necessary. In these cases, questions of fact need to be decided in an evidentiary hearing. In many of these cases the exemption is contested by one or more tenants. Hearings may also be required in cases where a lapsed exemption is contested. The recommended decision is used by the Board to make a final determination on the exemption application.*

In FY 99/00, 12 new applications for owner-occupied exemptions required hearings. During the fiscal year, 8 recommended decisions were issued. The hearing officer recommended the exemption applications be granted in 4 cases and denied in 4 cases. Three applications were withdrawn and one case was still pending at the close of the fiscal year.

One exemption lapse case was referred for hearing during FY 99/00. The hearing officer recommendation found the exemption had lapsed.

Construction Decrease Petitions and Common Area Construction Petitions – *On October 1, 1999, the Rent Control Board enacted regulations which help mitigate the impacts of certain construction activities on tenants residing in buildings undergoing substantial rehabilitation. The decrease amounts are based, in part, on length of time tenants experience problems, severity of the problems, and the specific impact on the petitioning tenants.*

In FY 99/00, the Agency noticed 13 properties that tenants may file decrease petitions relating to construction-related losses. On those 13 properties, 19 construction related decrease petitions were filed for individual units. Seven petitions filed on one property were consolidated, as were 7 petitions filed on a second. One common area construction petition was filed by the Rent Control Board Administrator to accompany a group of 7 related petitions.

The mediator attempted mediation in 16 of the construction petitions. Although none of the petitions were resolved and all required hearings, in some instances the mediation resulted in clarification of the claims.

During the fiscal year, 2 decisions were issued on individual petitions. In both cases, decreases were authorized for construction related issues. One individual petition was withdrawn and one was dismissed. Fifteen petitions were pending at the end of the fiscal year (1 individual petition and the 2 sets of consolidated petitions). The common area petition was also pending at the close of the fiscal year.

FEE WAIVERS

The Rent Control Board provides waivers of Rent Control registration fees to units occupied by their owners, subsidized by HUD (Section 8), or occupied by low-income tenants who are over 62 or disabled. There are also fee waivers for condominiums and single-family-dwellings on which rent restrictions have been lifted pursuant to the Costa-Hawkins' Act, for tenants participating in the City of Santa Monica TARP program, and in mobile home parks for units where tenants have signed long-term leases.

<u>Type of Fee Waiver</u>	<u>As of FY 1999/00</u>	<u>Change from Prior Year</u>
low-income senior	616	-44
low-income disabled	147	+1
owner-occupied	2,725	-49
single family dwelling permanent	826	+404
HUD subsidized (Section 8)	674	-12
administrative	331	+39
mobile home	25	-25
seismic safety	18	-2
TARP	2	+2
Total fee waivers	5,364	+314

THE WORK OF THE RENT CONTROL BOARD BY DEPARTMENT

ADMINISTRATION AND PUBLIC INFORMATION DEPARTMENTS

◆	Rent Board meetings convened and staffed	26
	<i>regular meetings</i>	21
	<i>special meetings</i>	5
◆	Mass mailings produced and distributed	4
	<i>General Adjustment mailing</i>	1
	<i>(Includes City-wide MAR report mailing)</i>	
	<i>Newsletter</i>	3
◆	Clearance forms to submit development applications	197
◆	Demolition Permits processed	114
◆	Building Permits processed	302
◆	Number of people helped seeking information	20,497
	<i>number at counter (17%)</i>	3,461
	<i>number by phone (82%)</i>	16,860
	<i>number by e-mail (1%)</i>	176
◆	MAR reports generated	76
◆	Petitions processed on in-take	196
◆	Property Registrations processed	266
◆	Registration fee payments processed	4,053
◆	Fee waivers processed	461
◆	Small Claims litigation	
	fees collected	\$56,015
	collection actions taken	39
	settlements entered	19
	registration fee suits filed	27
◆	S-Petitions (soft story) processed	0
◆	Rent Control web pages viewed	76,056
◆	Web page MAR's viewed	8,420
◆	Excess Rent Prima Facie Determinations	36

HEARINGS DEPARTMENT

◆ Hearings held		109
<i>on rent increases</i>	9	
<i>on decreases</i>	50	
<i>on base rents and amenities</i>	9	
<i>on construction decrease petitions</i>	8	
<i>on complaints</i>	15	
<i>on vacancy increases</i>	2	
<i>on exemptions</i>	16	
◆ Written decisions issued		85
◆ Addenda issued		56
◆ On-site investigations conducted		233
<i>upon scheduling decrease petitions</i>	71	
<i>in response to compliance requests</i>	58	
<i>regarding unit identification conflicts</i>	3	
<i>Ellis investigations</i>	74	
<i>research and measuring</i>	14	
<i>other, i.e., occupancy, unit use, etc.</i>	13	
◆ MARs updated due to decisions/addenda		1,519
◆ Drop-off letters generated		287
◆ Site file pages prepared for copying to fiche by contractor		56,463
◆ Interpreter services provided		6
<i>Japanese/Cantonese (2); Farsi/Arabic (2); Spanish (2)</i>		

LEGAL DEPARTMENT

◆ Staff reports on appeal prepared		46
<i>base amenity cases</i>	2	
<i>decrease cases</i>	17	
<i>increase cases</i>	8	
<i>earthquake increase cases</i>	4	
<i>excess rent complaints</i>	5	
<i>vacancy increase cases</i>	10	
◆ Ellis withdrawals		54
<i>withdrawals processed</i>	50	
<i>returns to rental market processed</i>	4	
◆ Excess rent prima facie cases reviewed	44	
◆ Exemption staff reports written or reviewed		50
<i>owner-occupied</i>	46	
<i>1815</i>	2	
<i>non-rental</i>	1	
<i>lapse</i>	1	
◆ Miscellaneous staff reports		1
◆ New or amended regulations prepared		28
◆ Litigation		26

- ◆ Officer of the Day requests responded to 870
- ◆ Administrative records prepared 4

APPENDIX A

A map of the City areas and percentage of rental units in each are shown below:

- Area A 17%
- Area B 12%
- Area C 5%
- Area D 10%
- Area E 18%
- Area F 17%
- Area G 21%

