

SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JULY 2001 THROUGH JUNE 2002

Presented to the Rent Control Board
March 13, 2003

TABLE OF CONTENTS

SIGNIFICANT DEVELOPMENTS IN 2001/2002	2
Public Outreach	3
Market Vacancy Increases	4
CHANGES IN THE HOUSING STOCK	5
Tracking Residential Development	5
Completed Construction	5
The Ellis Act	7
TORCA	7
Removal Permits	8
Exemptions	8
Summary of Changes in the Housing Stock	9
PROGRAMS, POLICIES AND ADMINISTRATION	10
Significant Legal Decisions	10
Regulations	11
Landlord-Tenant Legislation	12
Incentive Housing Program	12
Annual General Adjustment	13
Petitions/Hearings	13
Fee Waivers	17
THE WORK OF THE RENT CONTROL BOARD BY DEPARTMENT	18
APPENDIX A: MAP OF SANTA MONICA AREAS	A-1

SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JULY 2001 THROUGH JUNE 2002

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.

- ◆ Effective January 1, 2002, according to a law passed by the state Legislature, 60 days' notice must be given to tenants in Santa Monica, West Hollywood or Los Angeles when a landlord evicts tenants from their units for no fault of their own, usually for owner or relative occupancy. Landlords must also give any new tenant a copy of his or her rental agreement and must provide a copy to any existing tenant upon request. Landlords must also provide tenants with the name, address and telephone number of the person to whom rent should be paid and must provide information about the person(s) to contact in case of emergency.

The legislature also passed a law effective January 1, 2002 stating that tenants who rent an unsold condominium unit on or after January 1, 1996, along with those tenants renting before January 1996, are fully covered by rent control.

- ◆ As a result of a study commissioned by the Rent Control Board in preparation for the 2002 general adjustment, the Board, for the first time, set a general adjustment based on a flat dollar amount, \$11, rather than on a percentage of the rent, as had been done in previous years.
- ◆ The large increase in completed construction of housing seen last fiscal year, particularly near the downtown Santa Monica area, was even more dramatic in this fiscal year. Overall, twenty-two new developments containing a total of 702 new residential units were completed, replacing 37 previously rent-controlled units.

- ◆ There was an increase in the use of electronic information as the Agency pursued ways to increase communications with the public. During the fiscal year the Rent Control web site received 79,086 web surfers and 227,579 web page hits, and increase of 26,572 web surfers and 86,739 web page hits over last fiscal year.

PUBLIC OUTREACH

This fiscal year the Board published two issues of the newsletter, "Rent Control News." which is mailed to all tenants and owners. The December 2001 issue featured articles on rent control protections for tenants who moved into their units at market rate since January 1, 1999; two new state laws that affect owner and tenant rights; and possible effects on tenants of a property being sold, including information on eviction for owner or relative occupancy and relocation benefits for tenants.

The April 2002 issue contained articles on mold; mediation services offered by the Rent Control Board staff; the impact of market rents on median rent levels; and a description of the Maximum Allowable Rent information that was soon to be mailed to tenants and owners.

As in prior years, in May 2002 a postcard listing the current registered maximum allowable rent was mailed to the occupant of each controlled unit in the City.

The June 2002 summer mailing to owners included unit-by-unit reports of the current maximum allowable rents and entitlement to general adjustments. Almost 485 vacancy registrations were received in the month following the mailing, as compared to an average of 300 monthly filings throughout the rest of the year. This suggests that owners who previously failed to comply with the registration requirement did so in response to this mailing.

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 79,086 web surfers who initiated 227,579 web page "hits." The maximum allowable rent (MAR) database, with rents for each controlled unit in Santa Monica was accessed 12,644 times. Additionally, staff responded to approximately 484 e-mails.

As in previous years, Board staff attended community events and neighborhood meetings to provide information and answer questions. These included meetings with various neighborhood organizations and apartment owner associations.

MARKET VACANCY INCREASES

On February 2002, the Rent Control Board reviewed "The Impact of Market Rate Vacancy Increases - Three-Year Report". The report covers the first three years of full vacancy decontrol-recontrol (January 1999 - December 2001).

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. In the third year (2001) 3,669 market increase forms were filed, impacting an additional 1,828 units for the first time. The impact of the increases on rents is summarized below.

- ◆ Upon re-rental, median MARs have increased from \$572 to \$861 (50%) for 0-bedroom units, from \$647 to \$1,167 (80%) for 1-bedrooms, from \$828 to \$1,600 (93%) for 2-bedrooms and from \$1,060 to \$2,068 (95%) 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.
- ◆ Depending on the number of bedrooms in a unit, the household income needed to "afford" the median market rent is \$16,500 - \$37,000 higher than the income needed to afford the pre-increase median rent of the same size unit.
- ◆ Vacancy increases on 7,507 units have resulted in the loss of 5,152 units that had rent levels formerly affordable to low-income households (80% of median income) including 3,382 units with rent levels formerly affordable to very low-income households (50 and 60% of median income).

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 2001/2002. It includes properties that either previously contained at least one controlled residential unit, or were previously non-residential, but were developed with residential units.

Twenty two new developments containing a total of 702 new residential units were completed, replacing 37 previously rent-controlled residential units.

Condominiums

- Six properties that were previously Ellised and had contained a total of 27 controlled units were developed with 30 condominiums.
- Three properties that had previously had single family dwelling exemptions were developed with 11 condominiums.

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

Rentals

- Two properties already under Rent Control added 29 additional new units. One property paid in-lieu fees; the other property deed-restricted 1 new unit at the very low income level.
- One property which received a Category C Removal for 2 units was developed with 4 market rate units. In-lieu fees were paid.
- One property which received a Category CQ exemption for 1 unit was developed with 7 units, of which 1 unit is deed restricted at low income.
- One property which had exemptions on a total of 4 units (3 Ellis and 1 commercial) was developed with 56 market rate units. In-lieu fees were paid.
- One property which had a Single Family Dwelling exemption added 2 additional market rate units.
- One property which had a Single Family Dwelling exemption was redeveloped with 7 apartments. Of these, one unit was deed restricted to a low income level; one unit was restricted to a moderate income level; and 5 were developed at market rate.
- Six properties which were not under Rent Control were developed with 556 apartment units. Of these units, 109 were deed restricted to very low income; 45 were deed restricted to low income; 53 were deed restricted to a moderate income level; and the remaining 349 units were developed at market rate.

Residential development described above was completed in six of the seven areas in the City:

<u>City Area</u>	<u>Units completed in FY 01/02</u>	<u>Rental Units previously removed from these sites</u>
A	3	1
C	218	3
D	364	1
E	4	2
F	73	4
G	<u>40</u>	<u>26</u>
Total	702	37

THE ELLIS ACT

As of June 30, 2002, 294 properties remained withdrawn from the residential rental housing market by way of the Ellis Act. This represents the withdrawal of 1,428 units.

Thirteen properties with a total of 60 units that were pending withdrawal as of June 30, 2002, have subsequently completed the process.

Prior to July, 2002, 67 formerly withdrawn properties, containing 219 units, returned to the rental housing market under rent control. Ten properties with a total of 50 units returned to the rental housing market between July 1, 2002 and December 31, 2002.

During the period July 1, 2001 through June 30, 2002, 25 properties with 113 units completed the withdrawal process. Seven properties with a total of 35 units came back under rent control after having been withdrawn. In addition, 6 properties with a total of 29 units began the Ellis process but withdrew their requests prior to completion.

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, 2002, TORCA conversions had been approved for 325 properties containing 3,244 units. As a result of changes in state law effective January 1, 2002, the rents of approximately 250 unsold TORCA units once again became controlled.

One property (Mountain View mobile home park) containing 141 units, was still 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.*

In the period July 1, 2001 through June 30, 2002, the Board granted one Category C removal permit for uninhabitable properties, or uninhabitable units on otherwise habitable properties. This resulted in the removal of 1 unit. No category D removal permits were granted.

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 44 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;

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	87	36

These exemptions do not all represent a loss of controlled rental units from the housing stock in 2001/02. Nine properties with a total of 21 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	-113	+35	-78
Category C Removals	-1		-1
Category D Removals	0		0
New use exemptions	<u>-21</u>	<u>—</u>	<u>-21</u>
Total	-135	35	-100

PROGRAM, POLICIES AND ADMINISTRATION

SIGNIFICANT LEGAL DECISIONS

Action v. Santa Monica Rent Control Board

During fiscal year 2001-2002, one appellate court opinion was published reviewing a Santa Monica Rent Control Regulation. *Action v. Santa Monica Rent Control Board* (2001) 94 Cal.App.4th 587 challenged Board regulation 14001, adopted in 1999, which required landlords to pay tenants 3% simple interest on tenants' security deposits retained by them. (The interest rate was lowered to 1.5% beginning January 1, 2002 and was suspended in June, 2002.) The complaint alleged that landlords did not receive 3% interest on the deposits and that the "extra" interest they were required to give their tenants amounted to an unconstitutional taking. The trial court granted the Board's demurrer to the complaint. It agreed with the Board's position that, in order to set forth a viable claim of a taking, a plaintiff must show that his or her overall return from the entire regulatory scheme was constitutionally inadequate, which the plaintiff had not attempted to do.

Contrary to numerous California and United States Supreme Court cases defining takings law, the appellate court held that the court should look at the financial impact of the regulation requiring interest on security deposits in isolation, without considering the property's overall fair return. It reversed the trial court's grant of the demurrer and remanded the case for a trial on the matter. Although the appellate court opinion may not stand the test of time and future Supreme Court decisions, in the meantime, the opinion is binding on the Board.

San Francisco Cases

Two cases reviewing San Francisco's rent stabilization law also have application here. In *Danekas v. San Francisco Residential Rent Stabilization and Arbitration Board* (2001) 95 Cal.App.4th 638, the appellate court considered an attack on a San Francisco Board's regulation. This regulation prohibits eviction of a tenant for breach of a term of the rental agreement against subletting if the tenant is replacing a departed tenant and if the tenant takes certain prescribed steps to notify the landlord of the roommate replacement. The appellate court held that the regulation was authorized by the rent stabilization ordinance and that it does not impair contract rights to the extent that it is unconstitutional.

In addition, *Cobb v. San Francisco Residential Rent Stabilization and Arbitration Board* (2002) 98 Cal. App.4th 345 is important for Santa Monica tenants and landlords as well as San Francisco's. In that case, a tenant's son moved into his mother's unit without the owner's permission, which was required under the rental agreement. The tenant vacated the unit due to ill health, and the owner thereafter accepted rent from the son and sent him notices of late payment. Five months after the tenant vacated, the unit's rent was increased pursuant to an oral agreement between the owner and son. Several months later, the owner attempted to more than double the son's rent, claiming that he could do so under the Costa-Hawkins Act's provision allowing a rent increase to sublessees when the original tenant no longer lives in the unit (Civil Code §1954.53(d)(2)). The appellate court held that evidence showed the son became a tenant in his own right when the owner accepted rent from him and dealt with him directly or at the latest when the rent increase was agreed upon.

REGULATIONS

In 2001/2002, the Board adopted, amended, or suspended 68 subdivisions of regulations. The Board amended and added several regulations in Chapter 3 of Board regulations. These were in large part necessitated by an amendment to the Costa-Hawkins Act effective January 1, 2002. Prior to that date, the Act mandated complete rent-level decontrol for all "separately alienable" units – i.e., units which legally could be transferred separate from other units, such as single family dwellings and condominiums – even units in apartment buildings with all their permits for condominiums conversion which nevertheless continued to be operated as apartments. The Act's amendment added an exception to this provision, requiring a unit to be sold before complete rent-level decontrol applied to a converted unit. The Board, in turn, added and amended several regulations to re-regulate rents of these units.

In addition, regulation 3301 was amended to clarify that the actual rent charged for the initial term of tenancy is the unit's base rent, regardless of whether it is called a "discounted" rent in the rental agreement or if there is a period of "free" rent some months into the tenancy. Regulation 3103 was amended to provide for a surcharge covering the November, 2000 School District Special Tax.

The re-inclusion of separately alienable but unsold condominium units under rent control also prompted the Board to amend Chapters 8 and 13 of Board regulations to require registration of these units and include their non-registration in the Board's complaint procedures. Finally, the Board added and amended provisions of Chapter 11 to provide for payment of registration fees on these units.

Other amendments during this fiscal year dealt with regulations requiring owners to pay tenants interest on security deposits. First, regulation 14001 was amended to lower the interest required to be paid from 3% to 1.5%. Later, the regulation requiring payment of interest was suspended, due to interest rates dropping to historic lows and to pending litigation about the regulation.

LANDLORD-TENANT LEGISLATION

Effective January 1, 2002, the state legislature amended the Civil Code to require 60 days' written notice - up from 30 days' notice in the former version of the law - when a landlord in Santa Monica, West Hollywood or Los Angeles evicts tenants from their units in certain cases. This requirement applies when tenants in those cities who have lived in their units for at least a year are being evicted through no fault of their own ("no fault evictions"), usually for owner or relative occupancy.

The new law also requires owners of rental property to give any existing tenant a copy of his or her rental agreement within fifteen days of a tenant's request. The tenant is entitled to request and receive a copy of the rental agreement only once a year, and the landlord must provide a copy of the rental agreement to any new tenant when the unit is first rented to them.

Landlords must also provide tenants with the name, address and telephone number of the person to whom rent should be paid within fifteen days of a request by any tenant and when a new tenant moves in. Landlords must also provide the tenants with the addresses and phone numbers of persons to contact in case of an emergency in their units.

The legislature also passed a law stating that tenants who rent an unsold condominium unit on or after January 1, 1996, along with those tenants renting before January 1996, are fully covered by rent control. Those tenants moving in on or after January 1, 1996 will still lose the protections of rent control if the condominium unit they rent is sold to an individual purchaser for value.

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 twelve 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. Thirty contracts have expired. Of those 30 expired

contracts, 74 dedicated units remain in place. Six properties with 30 units remain active, 15 dedicated units and 15 incentive units.

In total, there are 89 dedicated units. Sixty five of these are rented to households qualifying as "very low income," the remaining 24 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.

In preparation for the 2002 Annual General Adjustment the Board commissioned a study to analyze various methodologies for determining the amount of the general adjustment.

As a result of that study, for the first time, the Board set a flat dollar increase, rather than a percentage of the rent, as had been used in past years' general adjustments. The Board determined that \$11 per unit was the amount necessary to allow owners of rent controlled properties to recover their increased operating expenses.

A study was also prepared for the Board regarding the additional rent adjustment that had been given in September 2001 for master-metered buildings in which the owner paid for all electricity or for both electricity and gas. On December 12, 2002 the Board authorized a rescission of the September 2001 additional master-metered adjustment of \$10.

PETITIONS/HEARINGS

The Hearings Department receives cases involving Rent Increases, Rent Decreases, Excess Rent, contested Owner-Occupied Exemptions 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 2001/02, the Hearings Department received five (5) increase petitions. Hearing Officers issued decisions in two (2) cases and granted increases in both.

One petition was withdrawn, and the other two were pending at the end of the fiscal year.

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.

Decrease Cases sent to Hearings from Mediation

46

Decreases granted	25
Decreases denied	2
Dismissed	0
Withdrawn	6
Pending at end of year	13

Decisions were issued in 27 cases. Decreases were granted in 25 of those petitions. Nine additional decisions were issued on petitions that were pending from the prior fiscal year. Decreases were granted in all 9 of those petitions.

The Hearings Department also received 49 decrease petitions filed by a landlord for removal of owner-paid gas as an amenity. Two consolidated decisions were issued for 30 of the 49 petitions. Decreases were granted in all 30 petitions. One petition was dismissed. The remaining 18 petitions were still pending at the close of Fiscal Year 2001-02.

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

In FY 01/02 the decreases in eight of the 25 approved petitions were fully reinstated within the same fiscal year and partially reinstated in another eight (8) petitions. For cases decided in prior years, decreases were fully reinstated in 11 cases and partially reinstated in 8 cases.

Administrative Decrease 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 01/02 five administrative petitions were filed. Of these, 3 decisions were issued granting decreases which affected 45 units. Two of the petitions were still pending at the end of the fiscal year.

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 01/02, two new construction-related decrease petitions were filed for individual units. One of the petitions was withdrawn, as the tenant and owner agreed to a settlement. One petition was pending at 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 2001/02 two Base Rent/Amenities petitions were received by the Hearings Department – 1 related to base amenities and 1 related to base rents. One of the petitions was withdrawn. One was still pending at the end of the year. In addition, one Base Rent petition filed in the prior fiscal year was dismissed in fiscal year 2001-02.

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 01/02, 64 complaints alleging excess rent were submitted and 4 complaints were submitted for non-registration.

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 68 complaints submitted, 10 were withdrawn and 4 were rejected.

Of the 54 complaints accepted for filing, 2 were resolved prior to formal mediation by owners paying tenants the amount of overcharge claimed by the tenant. Ten continued to be processed at the end of the fiscal year. The remaining 42 complaints received in 2001/02 were forwarded to the Hearings Department for mediation, though only 34 were forwarded prior to June 30, 2002.

The Hearings Department received 18 complaints for excess rent and non-registration. Six of those complaints were referred by the mediator. Twelve cases filed for the Village Trailer Park went directly to Hearings without mediation.

During FY 01/02, decisions were issued in 5 excess rent cases (two cases were received in the prior fiscal year). In all 5 cases, the excess rent violation was substantiated and rent withholding was authorized. Eight petitions were withdrawn (including 7 of the 12 Village Trailer Park cases). Five of the Trailer Park cases and two of the cases received from mediation were still pending at the end of the fiscal year.

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 01/02, 5 new applications for owner-occupied exemptions were referred to the Hearings Department. During the fiscal year, 1 recommended decision was issued. The recommendation was to deny the exemption. Three of the applications were withdrawn, and one was pending at the end of the fiscal year.

In addition, three potential lapsed exemptions were forwarded to the Hearings Department. In one case the opposition to the lapse was withdrawn by the landlord, and the exemption lapsed by operation of law. In another case, the landlord sold the property, and it lapsed by operation of law. A hearing was held in one case, and the decision was pending at the close of the fiscal year.

Mediations

Rent decrease and excess rent cases are referred to the Rent Control Board's mediator before they are sent to a hearing. The mediator has been very successful in settling a large percentage of these cases, either in whole or in part. This has resulted in the need for hearings in far fewer cases and in simplification of the issues that do ultimately require a hearing. There are also a number of landlord-tenant disputes other than those brought by petition which are referred to the mediator through direct contact with landlord or tenant or referral from another staff member or City Department.

Of the 96 **decrease** petitions forwarded for mediation, 4 were still pending at the end of the fiscal year, 10 declined mediation, and mediation was fully or partially successful in 63% of the remaining cases. Of the 22 new **excess rent** cases which were mediated, 50% were resolved through the mediation process.

Non-Petition Mediations

The mediator handled 24 non-petition cases during the year. Ten were resolved through mediation. Eight cases were pending at the end of the fiscal year, and the six others were not resolved through mediation.

Sixteen of the cases arose from direct contact by members of the public. Three of these cases came from owners, and ten from tenants. Three came from both landlords and tenants together. Three cases were referred from within the Agency and one from the City's Building and Safety Code Compliance division. The mediator made the initial contact in those cases. Of the 24 non-petition cases, eleven cases

involved parties who had participated in prior pre-hearing mediations, and six of those eleven were post-hearing cases involving resolution of issues having to do with repairs ordered in rent decrease decisions. Six cases involved parties who had learned about the rent control mediation process from former participants in rent control mediations.

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 2000/01</u>	<u>Change from Prior Year</u>
low-income senior	517	-55
low-income disabled	138	-6
owner-occupied	2,660	-24
single family dwelling	666	-290 ²
HUD subsidized (Section 8)	702	+33
administrative	326	0
mobile home	37	-1
seismic safety	0	-0
TARP	1	-0
Total fee waivers	5,047	-343

² The reduction in single family dwelling fee waivers was due to a state law change that restored rent level restrictions on unsold condominium units.

THE WORK OF THE RENT CONTROL BOARD BY DEPARTMENT

ADMINISTRATION AND PUBLIC INFORMATION DEPARTMENTS

◆	Rent Board meetings convened and staffed	20
	<i>regular meetings</i>	15
	<i>special meetings</i>	5
◆	Number of people helped seeking information	19,393
	<i>number at counter (17%)</i>	2,978
	<i>number by phone (82%)</i>	15,931
	<i>number by e-mail (1%)</i>	484
◆	Rent Control web pages viewed	227,579
◆	Web page MAR's viewed	12,644
◆	Mass mailings produced and distributed	4
	<i>General Adjustment mailing</i>	1
	<i>(Includes City-wide MAR report mailing)</i>	
	<i>Newsletter</i>	2
	<i>MAR Postcards to Tenants</i>	1
◆	Clearance forms to submit development applications	165
◆	Demolition Permits processed	124
◆	Building Permits processed	356
◆	Property Registrations processed	272
◆	Vacancy Registration Forms Processed	3,732
◆	Registration fee payments processed	3,972
◆	Fee waivers processed	264
◆	MAR reports generated	31
◆	Petitions processed on in-take	204
◆	Excess Rent Prima Facie Determinations	60
◆	Small Claims litigation fees collected	\$6,242
	<i>collection actions taken</i>	1
	<i>settlements entered</i>	2
	<i>registration fee suits filed</i>	1

HEARINGS DEPARTMENT

◆ Hearings held		75
<i>on rent increases</i>	12	
<i>on decreases</i>	44	
<i>on base rents and amenities</i>	4	
<i>on complaints</i>	9	
<i>on exemptions</i>	6	
◆ Written decisions issued		77
◆ Addenda issued		35
◆ On-site investigations conducted		232
<i>upon scheduling decrease petitions</i>	69	
<i>in response to compliance requests</i>	46	
<i>regarding unit identification conflicts</i>	7	
<i>Ellis investigations</i>	52	
<i>Exemption investigations</i>	19	
<i>Occupancy, unit use, residence verification, etc.</i>	26	
<i>Other, i.e., measuring, service of documents, etc.</i>	13	
◆ MARs updated due to decisions/addenda		850
◆ Drop-off letters generated		243
◆ Interpreter services provided		11
<i>Spanish</i>	8	
<i>Farsi</i>	2	
<i>Mandarin</i>	1	

LEGAL DEPARTMENT

◆ Staff reports on appeal prepared		22
<i>base amenity cases</i>	0	
<i>decrease cases</i>	18	
<i>increase cases</i>	1	
<i>earthquake increase cases</i>	0	
<i>excess rent complaints</i>	3	
<i>vacancy increase cases</i>	0	
◆ Ellis withdrawals		37
<i>withdrawals processed</i>	29	
<i>returns to rental market processed</i>	8	
◆ Excess rent prima facie cases reviewed		60

◆ Exemption staff reports written or reviewed		37
<i>owner-occupied</i>	34	
1815	3	
<i>non-rental</i>	0	
<i>lapse</i>	0	
◆ Miscellaneous staff reports		2
◆ New or amended regulations prepared		68
◆ Litigation cases		19
◆ Officer of the Day requests responded to		1,030
◆ Infoco Meetings Advisory		30
◆ Administrative records prepared		3
◆ Removal Permits		1
Category C	1	
Category D	0	
◆ Agreements Written		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 4%
- Area D 10%
- Area E 19%
- Area F 16%
- Area G 22%

