

SANTA MONICA
RENT CONTROL BOARD
ANNUAL REPORT

JULY 2005 THROUGH JUNE 2006

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SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JULY 2005 THROUGH JUNE 2006

SIGNIFICANT DEVELOPMENTS

The Rent Control Charter Amendment provides that the Rent Control Board report annually to the City Council on the status of Santa Monica's controlled rental housing. This year has seen the following significant developments:

- ◆ A survey of 750 Santa Monica tenants was conducted during fiscal year 2005-06. The survey compared tenants who moved into their units prior to January 1999, the beginning of vacancy decontrol, and tenants who moved in January 1999 and later. According to the survey, the tenants who moved in beginning January 1999 are younger, have higher income, are more educated and expect to live at their residence for a shorter period of time than those who moved in prior to that date and whose units were rented prior to vacancy decontrol. Rents were, of course, higher for those who moved in after vacancy decontrol began. The tenants who moved in before vacancy decontrol was instituted had a higher number of maintenance problems and perceived difficulties with their landlords and/or building managers. They paid for maintenance of their own units more often than those who moved in after January 1999. Far fewer seniors and disabled residents moved into their units after the start of vacancy decontrol than before it began.
- ◆ For the first time in more than ten years, in September 2006, the Rent Control Board raised the amount of annual registration fees collected for each rent controlled unit. The fees are the sole source of funding used to pay the expenses of running the Rent Control Agency. The Board's last fee increase was in 1993, when the Board raised the monthly fee from \$11 to \$13. The fees were reduced in 1996 to \$12 and again to \$11 in 1997. The fees remained at \$11 until September 2006.
- ◆ The Ellis Act allows owners to stop renting or "withdraw" all residential units at a property if they no longer wish to remain in the rental business. During the prior fiscal year (2004-05) twenty eight (28) properties with 130 units were withdrawn from the market. This fiscal year 30 properties with 144 units were withdrawn. Overall, 365 properties with 1,728 units remain withdrawn.

- ◆ State mandated vacancy decontrol, which has been in place since January 1999, continues to severely undermine the supply of affordable housing in Santa Monica. By the end of 2005, owners had increased the rents on 48% of controlled rental units. The household income needed to afford the median market rent was \$18,500 to \$38,900 higher than the income needed to rent a unit of the same size before vacancy decontrol. These figures have increased every year including this one. However, the number of units being rented at market rate for the first time continues to decrease every year. This year there were only 686 units rented at market rate for the first time.
- ◆ There are many fewer low income seniors renting the controlled units than before vacancy decontrol. There were only 371 low income seniors whose rent control registration fees were waived based on their income this fiscal year, as compared to 719 in 1997-98, one year before vacancy decontrol.
- ◆ Rent Control staff continues to interact with other City Departments to achieve mutual goals regarding housing and tenant protection. This year staff consulted with the Planning and City Attorney staffs on a regular basis, much more frequently than in prior years. In addition, staff worked much more closely this year with the Building and Safety Department in efforts to facilitate needed repairs to the housing stock.
- ◆ Outreach to members of the community increased this year. Preparations were begun for several workshops for new owners of rental property, advising them of their rights and obligations under the Rent Control Law. Staff members attended community events and spoke at meetings in the community, including the Santa Monica Festival and realtor organizations. Plans are currently being made for workshops addressing tenant issues.

MARKET VACANCY INCREASES

In March 2006, the Rent Control Board reviewed "The Impact of Market Rate Vacancy Increases – Seven Year Report". The report covers seven years of full vacancy decontrol-recontrol (January 1999 – December 2005).

The report detailed that since vacancy decontrol-recontrol began in January 1999, owners have increased the rents to market rate on 13,183 units or 48% of the controlled rental units. Although this represents a significant portion of the controlled rental units, the number of units rented at market rate for the first time has continued to decrease each year. In 2005, 686 new units were rented for the first time, the lowest number yet for a one-year period.

The impact of the increases on rents is summarized below.

- ◆ Upon re-rental, median MARs have increased from \$643 to \$967 (50%) for 0-bedroom units, from \$735 to \$1,300 (77%) for 1-bedrooms, from \$946 to \$1,748 (85%) for 2-bedrooms and from \$1,192 to \$2,248 (89%) for 3 or more 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 vacancies and re-rentals in a relatively short period of time. At the end of the seventh year, 52% of the units rented at market rate had been re-rented at least once since the first market rate rental. Almost 10% of the units had been rented at market rate four or more times.
- ◆ Depending on the number of bedrooms in a unit, the household income needed to “afford” the median market rent is \$18,500 - \$38,900 higher than the income needed to afford the median rent of the same size unit if it had not been rented at market rate.

<u>Effects on Rent Levels and Income Needed to Afford MARs</u> <u>(30% Affordability Standard)</u>						
<u>Units with Vacancy Increases 1/1/99 – 12/31/05 (13,183 units)</u>						
<u>No. of Bedrooms</u>	<u>Adjusted 1998¹ Median MARs</u>	<u>Income needed to Afford MAR</u>	<u>Post-Increase Median MARs</u>	<u>Income Needed to Afford MAR</u>	<u>Income Difference</u>	
0	\$643	\$36,743	\$967	\$55,257	\$18,514	
1	735	36,750	1,300	65,000	28,250	
2	946	39,832	1,748	73,600	33,768	
3 or more	1,192	43,945	2,248	82,876	38,931	

- ◆ Vacancy increases on 13,183 units have resulted in the loss of 8,444 units that had rent levels formerly affordable to low-income households (80% of median income) including 5,351 units with rent levels formerly affordable to very low-income households (50 and 60% of median income).

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 2005 issue featured articles on earthquake preparedness as well as repairs and maintenance to rental units. The April 2006 issue featured an interview with the Deputy City Attorney on tenant harassment, an article on landscaping

¹ December 1998 median MARs with 1999-2005 general adjustments added.

grants for Santa Monica property owners and residents, and announcements of upcoming Rent Control events.

In May 2006 a postcard listing the current registered maximum allowable rent was mailed to the occupants of each rent controlled unit in the City.

The June 2006 mailing to owners included reports of the current maximum allowable rents and entitlement to general adjustments for each unit. More than 1,140 vacancy registrations were received in the two months following the mailing, as compared to an average of 296 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.

During the fiscal year the Agency's website, www.santa-monica.org/rentcontrol, received 133,453 web surfers who initiated 277,641 web page "hits." The maximum allowable rent (MAR) database, with rents for each controlled unit in Santa Monica, was accessed 26,509 times. Additionally, staff responded to 518 e-mails via the website.

As in prior years, Board members and Board staff attended community events and neighborhood meetings to provide information and answer questions. These included meetings with various neighborhood associations, community organizations, realtors and the Santa Monica Festival.

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, development, and other data are identified and analyzed by area.

A map of the City areas and percentage of rental units in each area 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 records².

COMPLETED CONSTRUCTION

The construction detailed in this section relates to multi-family residential developments that were completed in 2005/2006. It includes properties that either previously contained at least one residential unit, or were previously commercial, but were re-developed with residential units.

Six new developments containing a total of 39 new residential units were completed, replacing 7 previously rent-controlled residential units and one exempt single family dwelling.

- Condominiums
- One 3-unit property with an owner-occupied exemption was re-developed with 4 condominiums.
 - One property with an exempt single family home was developed with 5 condominiums.
 - One 3-unit property with a Category C removal permit was developed with 3 condominiums.

All three properties described above paid in-lieu fees to the city to meet the City's affordable housing requirements.

- One commercial property was re-developed with 21 condominiums. Two units were deed-restricted to moderate-income level households. Additional in-lieu fees were paid to fully reach the City's affordable housing requirements.

² All information related to new construction comes from the City's PERMIT system

Rentals

- One 3-unit property was withdrawn under Ellis and one unit was subsequently demolished. Two new units were built within five years of the Ellis withdrawal. (The property now contains 4 controlled units.)
- One parcel of vacant land was developed with 4 market rate apartments.

In-lieu fees were paid on both properties to meet the City's affordable housing requirements.

The residential development described above was completed in three of the seven areas in the City:

<u>City Area</u>	<u>Units completed in FY 05/06</u>	<u>Rental Units previously removed from these sites</u>
A	28³	3
E	6	2⁴
G	<u>5</u>	<u>3</u>
Total	39	8

THE ELLIS ACT

The Ellis Act ("the Act") was enacted in 1985 to prohibit a locality from requiring a residential landlord to remain in the residential rental business. The Act's intent is to allow residential landlords to stop being residential landlords.

The Act establishes certain procedures landlords must follow to withdraw units from the rental market. They include service of 120-day notices of termination of tenancy on tenants. The Act also sets forth procedures for the return of withdrawn units to the rental market.

Due to the increased demand in the residential real estate market and the potential sale price of newly developed condominiums, withdrawals of properties under the Act are rapidly on the rise. This also means that the potential for abusing the Act by filing a removal, only to secretly re-rent the property to new tenants willing to pay higher rent levels, is increasing. Board staff is closely monitoring for evidence of any such abuse.

During the period July 1, 2005 through June 30, 2006, 19 properties with 79 units completed the withdrawal process. Four properties with a total of 21 units came back under rent control after having previously been withdrawn.

³ 25 of these 28 units were built on properties that were not under Rent Control.

⁴ One of these units was an exempt single family home.

Eleven properties with a total of 65 units that were pending withdrawal as of June 30, 2006, have subsequently completed the process.

Since the Ellis Act became law in 1985, 464 properties with 2,210 units have been withdrawn under the Ellis Act. Although 99 formerly withdrawn properties with 480 units returned to the rental housing market under rent control, 365 properties with 1,728 units remained withdrawn from the rental housing market as of June 30, 2006. It is noted that three properties returned to the rental market with a different number of units than were withdrawn.

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, 2005 through June 30, 2006, the Board received two Category C removal permit applications for uninhabitable properties, or uninhabitable units on otherwise habitable properties. One of the applications was granted, and one was denied. This resulted in the removal of one 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 31 declarations submitted for single-family dwellings stating that the structures were not rented on July 1, 1984. Five other single-family dwellings were 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 properties</u>	<u>Number of units</u>
owner-occupied	31	73

These exemptions do not all represent a loss of controlled rental units from the housing stock in 2005/06. Only three properties with a total of six 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

2004-05 vs. 2005-06

<u>Activity</u>	<u>Reduction in controlled units</u>		<u>Increase in controlled units</u>		<u>Net change in controlled units</u>	
	04/05	05/06	04/05	05/06	04/05	05/06
Ellis activity	-130	-144	+16	+21	-114	-123
Category C Removals	-9	-1	0	0	-9	-1
Category D Removals	22	0	0	0	-22	0
New use exemptions	<u>-11</u>	<u>-6</u>	<u>0</u>	<u>0</u>	<u>-11</u>	<u>-6</u>
Total	-172	-151	+16	+21	-156	-130

The above chart compares the increased number of units lost from the controlled rental housing market between fiscal year 2004-05 and 2005-06.

RELOCATION

Board staff continues to assist the City Attorney's office in mediating relocation benefits owed under the City's relocation laws to tenants being displaced from their units. As increases in withdrawals of units from the rental market have occurred over the last year, inquiries and issues concerning relocation benefits have also increased. Board staff and the City Attorney's office, along with the City's Planning and Building and Safety Departments, have been working together to better advise property owners of their obligations to provide relocation assistance.

PROGRAM, POLICIES AND ADMINISTRATION

SIGNIFICANT LEGAL DECISIONS

During fiscal year 2005-2006 the Agency either successfully prevailed in its litigation or settled cases to the benefit of both parties. In *Borten v. SMRCB (Lard)* (B181840) plaintiff challenged the Rent Control Law (“RCL”) alleging that extending the protections of the RCL to out-of-state tenants was violative of substantive due process. In a published opinion the Court of Appeal declined to reach the constitutional issue and instead found that the matter was necessarily resolved in *Bisno v. SMRCB*. *Bisno* upheld a Board regulation that authorizes the Board to increase the rent to market rate when it is determined that a tenant does not principally reside in his or her unit.

In *Hirschfield/Taub Trust v. SMRCB* (B183887) plaintiffs challenged a rent decrease decision finding that parking is a base amenity and that the legal doctrine of laches applied. The doctrine of laches provides a defense where a party has delayed bringing an action. Parking as a base amenity was not listed on the original registration form, hence plaintiff took the position that it was too late to challenge the information on that original form. The Court of Appeal upheld the Board’s decision finding that plaintiff failed to properly raise the issue of laches.

In *Enayati v. SMRCB* (B188060) plaintiff went out of the residential rental business and paid the displaced tenants relocation benefits pursuant to the Ellis Act. Plaintiff then sued the Board for damages based on payment of those relocation benefits. The Court of Appeal held that because the statutory damages paid to the tenants did not enrich the Board, there could be no action for damages against the Board.

There is pending litigation against the Board which will be reported once final.

REGULATIONS

In the last year, the Board amended four of its regulations. Regulation 9002(b)(3) formerly provided that landlords must wait four years before initiating an unlawful detainer action for owner-occupancy against a tenant where a previous case against the same tenant was dismissed involuntarily or voluntarily. The Court of Appeal in *Bohbot v. SMRCB* held that this regulation contravenes state law which permits a litigant to dismiss a case for any reason. Hence, regulation 9002(b) (3) was repealed to comply with the court’s judgment.

Regulation 3028 was adopted providing for the September 2006 general adjustment allowing landlords to implement a 4% increase of the maximum allowable rents with a cap of \$54.

Regulation 3028A was adopted providing a utility adjustment for master-metered properties where the landlord pays for all gas service or all gas and electrical service in individual units on the property. The adjustment allows landlords to implement a \$7 increase in the maximum allowable rent, in addition to the general increase, on qualifying rental units.

- ◆ Regulation 11200 was amended to raise the amount of registration fees collected for each rent controlled unit from \$11 to \$13 per month. The fees are the sole source of funding used to pay the expenses of running the Rent Control Agency. The Board's last fee increase was in 1993, when the Board raised the monthly fee from \$11 to \$13. The fees were reduced in 1996 to \$12 and again to \$11 in 1997. The fees remained at \$11 until September 2006.

LANDLORD-TENANT LEGISLATION

The law that required a 60-day notice to terminate a residential tenancy where the tenant has resided in the unit for at least one year expired on January 1, 2006, and tenants evicted through no fault of their own were legally entitled to only thirty days' notice of eviction during calendar year 2006. However, beginning January 1, 2007, landlords will again be required to give at least 60 days' notice to these tenants. The state bill re-establishing the 60 day notice requirement (AB1169) was authored by Assemblyman Alberto Torrico. Examples of a no-fault eviction in Santa Monica are (1) a tenant being evicted in good faith for owner occupancy or (2) termination of a tenancy on a property that is exempt due to an owner-occupied exemption.

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."

Although there are no longer any active Incentive Housing contracts, the rent level restrictions for tenants who qualified for dedicated units remain in place; 51 of these are rented to households qualifying as "very low income", including at least two households of families with children. The remaining 19 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.

The Board approved a 2006-07 general adjustment of 4% with a maximum increase of \$54. The Board also approved a \$7 per month utility adjustment for master metered properties where the landlord pays either for all gas or gas and electrical service in individual units on the property.

PETITIONS

Petitions, complaints and applications are filed to resolve issues involving Rent Increases, Rent Decreases, Excess Rent, Owner-Occupied Exemptions, Tenants Not in Occupancy, Base Rent/Amenities determinations and Units Previously Not Registered Under Rent Control.

Excess Rent complaints are reviewed by staff, and, if they are accepted for filing, the owner is given a chance to resolve the complaint. Those complaints which are not initially resolved are referred to the Hearings Department for mediation and/or hearing. Owner occupied exemption applications that are not resolved administratively are referred to the Hearings Department.

The Hearings Department provides mediation services as part of the Decrease and Excess Rent processes, as well as for some matters not brought by petition. Hearings are held for all other types of petitions and for decrease and excess rent cases not resolved through mediation.

Pre-Mediation

***Excess Rent Complaints** -- 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, e.g. it has an owner-occupied exemption; or the tenant withdraws the complaint prior to filing in favor of going to court.*

During fiscal year 2005/06, 20 complaints alleging excess rent were submitted.

Of the 20 complaints submitted, three were withdrawn, and one was dismissed.

Of the 16 complaints accepted for filing, four were resolved prior to formal mediation by owners paying tenants the amount of overcharge claimed by the tenant. Twelve complaints were forwarded to the Hearings Department for mediation.

Mediations

Rent decrease and excess rent cases are usually referred to the Rent Control Board's mediator before they are set for 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.

Excess Rent Mediations

Thirteen excess rent petitions were referred for mediation. Seven cases were resolved through the mediation process. Four petitions were sent to hearings, as the issues were not resolved, and two were still pending at the end of the fiscal year.

Decrease Mediations

Of the 57 decrease petitions forwarded for mediation, two were still pending at the end of the fiscal year, five declined mediation, and one was withdrawn. Mediation was fully or partially successful in 65% of the remaining 49 cases.

Base Amenities Petition

The mediator also mediated one base amenities petition which was referred by the Hearings Department for mediation at the end of the prior fiscal year. The issues were fully resolved through the mediation process.

Non-Petition Mediations

The mediator handled 13 non-petition cases during the year. Twelve of these cases arose in this fiscal year, and one was unresolved at the end of the prior fiscal year. Ten of the cases were resolved through mediation (nine fully resolved, and one partially). One case was pending at the end of the fiscal year. One case was closed due to failure of the parties to participate in mediation, and one was referred to other agencies because no remedy was available under the Rent Control Law. Of the 13 non-petition cases, three cases involved parties who had participated in prior pre-hearing mediations.

All of these cases came from direct contact with members of the public. Five of the cases came from an owner, five from tenants, and three from an owner and tenant. The mediations included such issues as scheduling and allowing needed repairs, the amount of rent to be charged when changes, such as adding or removing space from a unit, occur, issues surrounding tenant relocation, and issues regarding changing the location of parking.

Cases Set for Hearings

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 2005/06, the Hearings Department received two (2) increase petitions. One decision was issued which granted rent increases for increases in the property's net operating expenses. The remaining petition was pending at the end of the fiscal year.

In addition, four decisions were issued on increase petitions received in the prior fiscal year. Increases were granted in all of those cases.

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.

<u>Decrease Cases referred for hearing</u>	<u>56</u>
Decreases granted	40
Decreases denied	2
Dismissed	2
Withdrawn	5
Pending at end of year	7

Decisions were issued in 42 cases. Decreases were granted in 40 of those petitions. In addition, five decisions were issued on petitions that were pending from the prior fiscal year. Decreases were granted in three of those cases.

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

In FY 2005/06 the decreases in 5 of the 40 approved petitions were fully reinstated within the same fiscal year and were partially reinstated in three petitions. For cases decided in prior years, decreases were fully reinstated in six cases and partially reinstated in four cases.

Base Rent/Amenities 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 FY 2005/06 one Base Rent petition was received by the Hearings Department. A decision was issued denying the claim to increase the base rent on the subject unit.

Excess Rent Complaints -- Board regulations provide for a tenant who believes he or she is paying more than the maximum allowable rent or whose landlord has not registered the property with the Rent Control Board to petition the Board for recoupment of extra monies paid or to withhold rents until the landlord has registered the property. The cases are initially sent to the mediator for resolution. Unresolved cases are decided by a hearing.

During FY 2005/06 four new excess rent complaints were scheduled for hearing. All of the complaints were referred by the mediator. Excess rent was substantiated in one of the cases, and the remaining three were pending at the end of the fiscal year.

In addition, two cases were closed on complaints received by the Hearings Department in the prior fiscal year. Excess rent was substantiated in one case. The second complaint was withdrawn.

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 2005/06, one new application for owner-occupied exemption was referred to the Hearings Department. A recommendation was issued in that case recommending denial of the exemption. In addition, the lapse of an exemption was contested by the owners of a property and the case was referred to the Hearings Department. A decision was issued in that case recommending the exemption be lapsed.

Bootleg "J" Petitions -- Bootleg petitions are filed for units which have not previously been registered with the Rent Control Board. In order for a unit to be qualified to register, the petitioner must show the unit was used as a residential rental unit in April, 1979 and is either habitable or capable of being made habitable.

During FY 05/06 three petitions were filed for units which had not been previously registered with the Board. One petition was dismissed and the remaining two petitions were pending at the end of the fiscal year. All three petitions were filed by owners.

In addition, 2 cases filed in the prior fiscal year were closed during this time period. Decisions in both cases determined the subject unit could be registered.

Appeal of Verification -- need blurb about this. Unit's rent was verified by staff, party contested verification, hearing officer reviews information and issues administrative decision.

During FY 05/06 two verifications were appealed and forwarded to the Hearings Department for review. Administrative decisions were issued in both cases during this time period.

Tenants not in Occupancy -- In March 2003, the Board adopted Regulation 3304. This regulation allows for a one-time increase to market level for units the tenant does not occupy as his/her usual residence of return. The Regulation was amended in January 2004, allowing the Board, rather than the petitioners in those cases to set the new rents for tenants not in occupancy.

When a tenant not in occupancy case ("N" case) is accepted for filing, the petition is either handled administratively (dismissed, withdrawn or, if uncontested, an administrative decision is issued by the Hearings Department) or a hearing is held.

During fiscal year 2005/06 the Agency handled 21 of these petitions. Ten (10) of the 21 petitions were newly filed in 2005/06. Eleven (11) petitions had been received by the Agency in the prior fiscal year. Of the 21 petitions, 12 required hearings, while 9 were handled administratively.

Of the 12 cases assigned for hearings, decisions were issued in 5 cases. Increases were granted in three cases and were denied in the remaining two. Four cases were withdrawn. Three were pending at the end of the fiscal year. In addition, one supplemental decision was issued to determine the rent level on a case decided in the prior fiscal year.

Of the 9 cases handled administratively, decisions (no hearing required) granting increases were issued in six cases, and three were dismissed.

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 HOME program), 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 6/30/06</u>	<u>Change from Prior Year</u>
low-income senior	371	-38
low-income disabled	123	-7
owner-occupied	2,519	-16
single family dwelling	1086	+105
HUD subsidized (Section 8)	819	-25
HOME program	80	0
administrative	349	+1
mobile home	9	-5
TARP	<u>1</u>	<u>-0</u>
Total fee waivers	5,357	+15

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>	16
	<i>special meetings</i>	4
◆	Number of people helped seeking information	19,400
	<i>number at counter (32%)</i>	6,258
	<i>number by phone (65%)</i>	12,624
	<i>number by e-mail (3%)</i>	518
◆	Rent Control web pages viewed	277,641
◆	Web page MAR's viewed	26,509
◆	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	97
◆	Demolition Permits processed	93
◆	Building Permits processed	211
◆	Property Registrations processed	360
◆	Vacancy Registration Forms Processed	3,931
◆	Registration fee payments processed	3,909
◆	Fee waivers processed	199
◆	MAR reports generated	8
◆	Petitions processed on in-take	117
◆	Excess Rent Prima Facie Determinations	18
◆	Small Claims litigation fees collected	\$28,060
	<i>collection actions taken</i>	14
	<i>settlements entered</i>	4
	<i>registration fee suits filed</i>	14

HEARINGS DEPARTMENT

◆ Hearings held		70
<i>on tenant not in occupancy petitions</i>	13	
<i>on rent increases</i>	4	
<i>on decreases</i>	43	
<i>on base rents and amenities</i>	1	
<i>on complaints</i>	4	
<i>on exemptions</i>	2	
<i>on bootleg units</i>	3	
◆ Written decisions issued		72
◆ Addenda issued		45
◆ On-site investigations conducted		162
<i>upon scheduling decrease petitions</i>	48	
<i>in response to compliance requests</i>	31	
<i>exemption use investigations</i>	6	
<i>fee waiver use investigations</i>	5	
<i>Removal investigations</i>	4	
<i>regarding unit identification conflicts</i>	5	
<i>Ellis investigations</i>	27	
<i>Occupancy, unit use, residence verification, etc.</i>	21	
<i>Other, i.e., measuring, service of documents, etc.</i>	10	
<i>N-petition on-sites</i>	5	
◆ Drop-off letters generated		27
◆ Interpreter services provided		5
<i>Spanish</i>	4	
<i>Vietnamese</i>	1	
◆ Excess Rent Prima Facie Cases Reviewed		18
◆ Tenant Not in Occupancy Prima Facie Cases Reviewed		10
◆ Tenant Not in Occupancy dismissal letters written		3
◆ Exemption staff reports reviewed		31
◆ Excess Rent Prima Facie Cases Reviewed		21
◆ Tenant Not in Occupancy Prima Facie Cases Reviewed		10
◆ Tenant Not in Occupancy dismissal letters written		3
◆ Exemption staff reports reviewed		24

LEGAL DEPARTMENT

◆ Staff reports on appeal prepared		35
<i>base amenity cases</i>	2	
<i>decrease cases</i>	10	
<i>increase cases</i>	4	
<i>excess rent complaints</i>	3	
<i>tenant not in occupancy cases</i>	14	
<i>bootleg unit cases</i>	2	
 <i>Staff reports on exemptions/lapses following Hearing Officer Recommendation</i>	 3	
◆ Ellis withdrawals		35
<i>withdrawals processed</i>	31	
<i>returns to rental market processed</i>	4	
◆ Miscellaneous staff reports written		20
◆ New or amended regulations prepared		4
◆ Board meetings staffed		20
◆ Small claims cases advisory		2
◆ Litigation cases		12
◆ Officer of the Day requests responded to		724
◆ Infoco Meetings Advisory		32
◆ Administrative records prepared		1
◆ Removal Permits		2
<i>Category C</i>	2	
<i>Category D</i>	0	
◆ Agreements Written		4
◆ Occupancy Permits Advisory		11
◆ Responses to subpoenas and Public Record Act requests served on Agency		9
◆ Consultations with Planning and City Attorney staffs		132

APPENDIX A

A map of the City areas and percentage of rental units in each as of 6/30/06 are shown below:

- Area A 17%
- Area B 12%
- Area C 4%
- Area D 10%
- Area E 19%
- Area F 16%
- Area G 22%

