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SANTA MONICA  
RENT CONTROL BOARD  
ANNUAL REPORT

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**JANUARY THROUGH DECEMBER 2007**



Santa Monica Rent Control Board  
April 2008

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# SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JANUARY THROUGH DECEMBER 2007

## SIGNIFICANT DEVELOPMENTS

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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:

- ◆ Mary Ann Yurkonis, who was the Administrator of the Rent Control Board for the past twenty years, retired at the end of 2007. Ms. Yurkonis served the Rent Control Board and the City with distinction since the inception of Rent Control in 1979. Her creativity and leadership, fairness and consistency, and her commitment to preserving affordable rental housing will be missed. Tracy Condon, who has been the Board's Public Information Manager for thirteen years, became the Board's new Administrator at the end of Ms. Yurkonis's term.
- ◆ 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. This year 29 properties with 138 units were withdrawn. During the prior year (2006) 28 properties with 122 units were withdrawn from the market. Overall, 392 properties with 1,854 units remain withdrawn.
- ◆ During 2007, the Board received a \$100,000 settlement from an owner who was allegedly abusing the Ellis process by renting out units in a property within two years of evicting tenants and withdrawing the property under the Ellis Act.
- ◆ The City has now formed an inter-departmental task force to address issues arising from Ellis Act withdrawals. Departments participating in the task force in addition to Rent Control include the Consumer Protection Division of the City Attorney's office, Code Enforcement, Police, and Fire.
- ◆ In April 2007 the Rent Control Board launched the City's first bilingual website. From the home page, users simply click on the "Español" button to view Rent Control information in Spanish. Access by the public to the Agency's website increased dramatically this year, from 381,318 web page "hits" in 2006 to 666,903 in 2007.

- ◆ 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 2007, owners had increased the rents on 54% of controlled rental units. The household income needed to afford the median market rent was \$22,465 to \$46,194 higher than the income needed to rent a unit of the same size if it had not been rented at market rate. The only good news is that the number of units being rented at market rate for the first time continues to decrease every year. This year there were only 483 units rented at market rate for the first time, indicating the stability of long-term tenants in rent-controlled units.
- ◆ Outreach to members of the community increased this year. There were several workshops for both tenants and owners of rental property, advising them of their rights and obligations under the Rent Control Law. The workshops were well-attended and were given by staff members from several Rent Control divisions.

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### MARKET VACANCY INCREASES

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In March 2008, the Rent Control Board reviewed “The Impact of Market Rate Vacancy Increases – Nine Year Report”. The report covers nine years of full vacancy decontrol-recontrol (January 1999 – December 2007).

Since vacancy decontrol-recontrol began in January 1999, owners have increased the rents to market rate on 14,672 units or 54% of the controlled rental units. Although this represents a significant portion of the controlled units, the number of units rented at market rate for the first time has continued to decrease each year. In 2007, 483 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 \$682 to \$1,075 (58%) for 0-bedroom units, from \$776 to \$1,436 (85%) for 1-bedrooms, from \$993 to \$1,896 (91%) for 2-bedrooms and from \$1,255 to \$2,508 (100%) 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 ninth year, 60% of the units rented at market rate had been re-rented at least once since the first market rate rental. Sixteen percent 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 at 30% of gross income is \$22,465 - \$46,194 higher

than the income needed to afford the median rent of the same size unit if it had not received a market rate increase.

<b><u>Income Needed to Afford MARs</u></b> <b><u>(30% Affordability Standard)</u></b>					
<b><u>Units with Vacancy Increases 1/1/99 – 12/31/07 (14,672 units)</u></b>					
<u>No. of Bedrooms</u>	<u>Adjusted 1998<sup>1</sup> 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	\$682	\$38,964	\$1,075	\$61,429	\$22,465
1	776	38,796	1,436	71,800	33,004
2	993	41,811	1,896	79,832	38,021
3 or more	1,255	46,267	2,508	92,461	46,194

- ◆ Vacancy increases on 14,672 units have resulted in the loss of 9,860 units that had rent levels formerly affordable to low-income households (80% of median income) including 6,044 units with rent levels formerly affordable to very low-income households (50 and 60% of median income).

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## PUBLIC OUTREACH

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In April 2007 the Rent Control Board launched the City's first bilingual website. From the home page, users simply click on the "Español" button to view Rent Control information in Spanish. This website enhances the services already provided to the Spanish-speaking public, which include a bilingual receptionist, bilingual Information Coordinators who provide assistance to landlords and tenants, and translation of the twice-yearly newsletter into Spanish. During 2007 the Agency's website, [www.santa-monica.org/rentcontrol](http://www.santa-monica.org/rentcontrol), received 192,786 web surfers who initiated 666,903 web page "hits." The maximum allowable rent (MAR) database, with rents for each controlled unit was accessed 19,198 times. Additionally, staff responded to 518 e-mails via the website.

In 2007 the Board published two issues of the newsletter, "Rent Control News" which is mailed to all Santa Monica tenants and owners. The April issue featured an article on a new City program to help seniors on the brink of becoming homeless, as well as those who are already homeless. Additional articles publicized a Fair Housing Workshop as well as Rent Control seminars for tenants and owners; announced the launching of the Spanish-language version of the Rent Control website; detailed the California Renter Assistance Claim procedures; discussed new requirements for obtaining an owner-occupied exemption; and welcomed Zelia Mollica and Marilyn Korade-Wilson to the Rent Control Board. The

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<sup>1</sup> December 1998 median MARs with 1999-2007 general adjustments added.

November issue featured an article on revisions to the City's tenant relocation law; announced an upcoming workshop on disability issues in rental housing; and highlighted the City's "20 Gallon Challenge" program to conserve water.

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

The June mailing to owners included reports of the current maximum allowable rents and entitlement to general adjustments for each unit. More than 1,070 vacancy registrations were received in the two months 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.

This year staff members hosted several well-attended workshops for tenants and owners, advising them of their rights and responsibilities under the law. 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

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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.

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## TRACKING RESIDENTIAL DEVELOPMENT

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The Rent Control Board tracks residential development in the city using Planning and Building Department records and permits as well as Rent Control records<sup>2</sup>.

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## COMPLETED CONSTRUCTION

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The construction detailed in this section relates to multi-family residential developments that were completed in 2007. It includes properties that either previously contained at least one residential unit, or were previously commercial, but were re-developed with residential units.

Fifteen new developments containing a total of 262 residential units were completed, replacing 47 previously rent-controlled residential units and one exempt single family dwelling.

### Condominiums

- Four properties containing a total of 15 rental units previously withdrawn under the Ellis Act were replaced by 22 condominiums.
- Two three unit properties which were granted owner-occupied exemptions were demolished and replaced with eight condominiums.
- One exempt single family home was demolished, and the property was developed with three condominiums
- One vacant property was developed with five condominiums

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

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<sup>2</sup> All information related to new construction comes from the City's PERMIT system and the Housing Division.

## Rentals

### Units Rented to Low or Very Low-Income Tenants

- Five properties which were withdrawn under the Ellis Act with a total of eight units were combined and rebuilt with 44 apartments, 21 at a very low income level and 23 affordable to low income tenants.
- One two unit property with a non-rental exemption for one unit and a Category C removal for the other was combined with another parcel and developed with 41 rental units, 34 restricted to very low income and 7 restricted to low income tenants.
- One three unit property which had a Category D removal was combined with another parcel and re-developed with 44 residential units, 36 of which were restricted to very low income tenants and 8 restricted to those with low income.

### Ellis Act Withdrawals Developed with Market Rate Rentals

- One property withdrawn under the Ellis Act containing two units was developed with three units.
- One 11 unit property withdrawn under the Ellis Act was developed with seven units.
- In-lieu fees were paid for both properties.

### Properties Not Under Rent Control

- One property formerly not under rent control was developed with 25 market rate apartments and one unit restricted to very low income tenants. Some in-lieu fees were paid.
- One property formerly not under rent control was developed as a mixed use building with 59 market rate units. In-lieu fees were paid.

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

<u>City Area</u>	<u>Units completed in 2007</u>	<u>Rental Units previously removed from these sites</u>
A	86 <sup>3</sup>	25
E	161	12 <sup>4</sup>
F	5	6
G	10	5
<b>Total</b>	<b>262</b>	<b>48</b>

<sup>3</sup> 85 of these units were built on properties that were not under Rent Control.

<sup>4</sup> One of these units was an exempt single family home.

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## THE ELLIS ACT

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*The Ellis Act ("the Act") was enacted by the state legislature 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 high demand in the residential real estate market in Santa Monica and the potential sale price of newly developed condominiums, withdrawals of properties under the Act remained at the level of the previous two years. This also means that the potential for abusing the Act by filing a withdrawal, 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 2007, the Rent Control Board received a \$100,000 settlement from a landlord who was allegedly abusing the Ellis process by renting out units in a property within two years of evicting tenants and withdrawing the property under the Ellis Act.

This year the City formed an inter-departmental task force to address issues arising from Ellis Act withdrawals. Departments participating in the task force in addition to Rent Control include the Consumer Protection Division of the City Attorney's Office, Code Enforcement, Police and Fire.

During 2007, 29 properties with 138 units completed the withdrawal process. This level of withdrawal activity is consistent with 2006, when 28 buildings with 122 units completed the withdrawal process.

Six properties with a total of 35 units came back under rent control after having previously been withdrawn.

Since the state-mandated Ellis Act was implemented in 1986, 497 properties with 2,370 units have been withdrawn under the Ellis Act. Although 105 formerly withdrawn properties with 514 units returned to the rental housing market under rent control, 392 properties with 1,854 units remained withdrawn from the rental housing market as of December 2007.

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## REMOVAL PERMITS

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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 2007, the Board received four Category C removal permit applications for uninhabitable properties, or uninhabitable units on otherwise habitable properties. Two of the applications were granted, and two were denied. This resulted in the removal of two units.

No Category D removal permits were filed.

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## EXEMPTIONS

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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 2007, there were 34 declarations submitted for single-family dwellings stating that the structures were not rented on July 1, 1984. Three 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 in 2007:

<u>Type of exemption</u>	<u>Number of properties</u>	<u>Number of units</u>
owner-occupied	18	48

These exemptions do not all represent a loss of controlled rental units from the housing stock in 2007. Only two properties with a total of five units received owner-occupied exemptions for the first time. The balance of the owner-occupied properties had previous exemptions. In addition to the 18 applications that were granted, three applications were denied, three were not accepted for filing, two were administratively dismissed and one application was withdrawn.

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**SUMMARY OF CHANGES IN THE RENTAL MARKET**

**2006 vs. 2007**

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<u>Activity</u>	<u>Reduction in controlled units</u>		<u>Increase in controlled units</u>		<u>Net change in controlled units</u>	
	2006	<b>2007</b>	2006	<b>2007</b>	2006	<b>2007</b>
Ellis activity	-122	<b>-138</b>	+2	<b>+35</b>	-120	<b>-103</b>
Category C Removals	-4	<b>-2</b>	0	<b>0</b>	<b>-4</b>	<b>-2</b>
Category D Removals	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
New use exemptions	<u>-5</u>	<b><u>-5</u></b>	<u>0</u>	<b><u>0</u></b>	<u>-5</u>	<b><u>-5</u></b>
Total	-131	<b>-145</b>	+2	<b>+35</b>	-129	<b>-110</b>

The above chart compares the number of units lost from the controlled rental housing market between 2006 and 2007.

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**RELOCATION**

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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. 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

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## SIGNIFICANT LEGAL DECISIONS

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During 2007 the Agency either prevailed in its litigation or had cases dismissed against it. In *ACTION v. SMRCB* (CV-04-10343) the Rent Control Law was challenged as unconstitutional under both the “public use” component of the Fifth Amendment’s Taking Clause and the substantive due process clause of the Fourteenth Amendment. After the case was dismissed at the trial level, plaintiff’s appealed to the Ninth Circuit where the Board prevailed. The appeals court found that the public use clause was not violated because controlling rents is a legitimate public purpose and appellants failed to prove otherwise. With regard to the substantive due process challenges, the court found that appellants waited too long and declined to consider them.

In *Borten v. SMRCB* (B193706) plaintiff challenged an excess rent decision in the tenant’s favor. The complaint included causes of action for declaratory relief and a petition for traditional writ of mandate asking that the trial court order the Board to change its decision. The Board successfully argued to the court that an administrative writ of mandate was the only proper method to challenge the Board’s decision. The court agreed and after plaintiff filed the proper writ it was denied, upholding the Board’s decision. Plaintiff appealed but later dismissed the appeal.

In *Gibbs v. SMRCB* (BS087639), plaintiff challenged the Board’s denial of a “tenant not in occupancy” petition under regulation 3304. The court granted the Board’s motion to dismiss for failure to prosecute, noting plaintiff’s counsel delayed the briefing schedule for 18 months and never filed an opening brief. The time to appeal the dismissal has passed.

In *SMRCB v. Golshani, et al.*, the Board brought a small claims action against Ms. Golshani and her attorney. They previously requested an administrative record of a Board decision lapsing an owner-occupancy exemption after finding that the owner did not occupy the property as her principal place of residence. After transcribing the oral parts of the record and compiling the written documents, the Board notified the requestors that the record was ready. They declined and stated they no longer wanted it. The Board successfully recovered the cost of record preparation at the lower court level, and this judgment was affirmed by the appellate division.

During 2007, the Board received a \$100,000 settlement from an owner who was allegedly abusing the Ellis process by renting out units in a property within two years of evicting tenants and withdrawing the property.

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## LANDLORD-TENANT LEGISLATION

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Unlawful detainer discovery procedures have been modified. The court procedures for evictions have been changed with regard to seeking information (discovery). When parties seek records or other information for their cases from the other party in the case, they have to give the other party advance notice. The time periods for this notice have been changed and clarified. In addition to these changes in the law, court rules will be developed prescribing the time for filing and serving opposition and reply papers for court motions and discovery.

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## REGULATIONS

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Regulations written and adopted in 2007 include a general adjustment regulation allowing a 2.3% general adjustment for September 2007 through August 2008 and a regulation allowing a citation from the Santa Monica Building and Safety Department to be used as notice when a tenant is filing a petition for rent decrease.

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## INCENTIVE HOUSING PROGRAM

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*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 59 tenants who qualified for dedicated units remain in place; 43 of these are rented to households qualifying as "very low income", including at least two households of families with children. The remaining 16 units are rented to households qualifying as "low income."

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## ANNUAL GENERAL ADJUSTMENT

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*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 2007-08 general adjustment of 2.3% for eligible tenants.

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## PETITIONS

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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 2007, 28 complaints alleging excess rent were submitted.

Of the 28 complaints submitted, two were withdrawn, and one was pending at the end of the year.

Of the 25 complaints accepted for filing, six were resolved prior to formal mediation by owners paying tenants the amount of overcharge claimed by the tenant. Nineteen 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***

Nineteen excess rent petitions were referred for mediation in 2007. Nine cases were resolved through the mediation process. Five petitions were sent to hearings, as the issues were not resolved, and five were still pending at the end of the year.

### ***Decrease Mediations***

Of the 57 decrease petitions forwarded for mediation, 58% of the 36 mediated cases were fully or partially resolved. Fifteen were still pending at the end of the year. The parties in five cases declined mediation, and one case was withdrawn.

### ***Non-Petition Mediations***

The mediator handled 21 non-petition cases during the year. Sixteen of these cases arose in 2007, and five arose in 2006. Ten of the cases were resolved through mediation (five fully resolved, and five partially). Four cases were not resolved in mediation. Two cases were referred to other agencies as they were not appropriate for rent control mediation. Five cases remained pending at the end of 2007. Of the 21 non-petition cases, 9 cases involved parties who had participated in prior pre-hearing or non-petition mediations.

All of these cases came from direct contact with members of the public. Seven of the cases came from an owner, eight from tenants, and six from both owner and tenant. In five of the cases the owner or tenant contacted other staff members, who then referred the matter to the mediator. The other sixteen came by direct contact with the mediator. The mediations included such issues as excess rent, separate amenity agreements, repairs following code citations or hearing officer decisions, parking, storage, general adjustment pass-through amounts, and maintenance.

### **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.*

No rent increase petitions were received in 2007. This is largely due to the vacancy decontrol law, which allows owners to collect rents at market rate on most vacancies.

***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>40</u>
Decreases granted	34
Decreases denied	1
Dismissed	0
Withdrawn	1
Pending at end of year	4

In addition, five decisions were issued on decrease petitions that were pending from the prior calendar year. Four of these cases granted rent decreases, and one was denied.

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

In 2007 the decreases in two of the 40 approved petitions were fully reinstated within the same year and were partially reinstated in one petition. For cases decided in prior years, decreases were fully reinstated in three cases and partially reinstated in one case.

**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 2007 one base amenities petition was received by the Hearings Department. The petition was withdrawn.

**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 2007 five excess rent complaints were scheduled for hearing. All of the complaints were referred by the mediator. Excess rent was substantiated in two of the cases, one petition was withdrawn, one petition was dismissed, and one was pending at the end of the calendar year.

In addition, a decision was issued in one case received in the prior calendar year which determined the excess rent violation was substantiated.

**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 2007, three applications for owner-occupied exemption were referred to the Hearings Department. In two cases the hearing officer recommended the exemptions be denied. In the other case, the recommendation of the hearing officer was to grant the exemption. Also during the calendar year, the lapses of two owner-occupied exemptions were contested by the property owners, and the cases were referred to the Hearings Department. Recommendations to the Rent Control Board were issued in both cases recommending the exemptions be deemed 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 2007 three petitions were filed by owners for units which had not been previously registered with the Board. One petition was denied, one was dismissed, and the remaining petition was pending at the end of the calendar year.

**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 2007 the Agency handled five of these petitions. One petition was withdrawn pending review. Two cases were handled administratively and were dismissed. Two cases were scheduled for hearings. Of those two cases, one case was withdrawn during the hearings process, the other case was pending at the end of the calendar year.

Four cases filed in the prior calendar year were closed during this time period. Decisions were issued in two cases; both denying an increase. One case was withdrawn during the hearing process and one case was dismissed administratively.

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### FEE WAIVERS

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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 12/30/07</u>	<u>Change from Prior Year</u>
low-income senior	350	-25
low-income disabled	122	-4
owner-occupied	2,484	-30
single family dwelling	1,182	+47
HUD subsidized (Section 8)	763	-44
HOME program	80	0
administrative	347	0
mobile home	6	-3
TARP	<u>1</u>	<u>-0</u>
Total fee waivers	5,335	-59

# THE WORK OF THE RENT CONTROL BOARD

## Board Meetings

◆ Rent Board meetings convened and staffed		20
<i>regular meetings</i>	<i>12</i>	
<i>special meetings (Recruitment)</i>	<i>8</i>	

## Public Outreach

◆ Number of people helped seeking information		16,053
<i>number at counter (16%)</i>	<i>2,595</i>	
<i>number by phone (81%)</i>	<i>12,895</i>	
<i>number by e-mail (3%)</i>	<i>563</i>	
◆ Rent Control web pages viewed		666,903
◆ Web page MAR's viewed		19,198
◆ Mass mailings produced and distributed		4
<i>General Adjustment mailing</i>	<i>1</i>	
<i>(Includes City-wide MAR report mailing)</i>		
<i>Newsletter</i>	<i>2</i>	
<i>MAR Postcards to Tenants</i>	<i>1</i>	
◆ Community Meetings and Seminars		10

## Regulations

◆ New or amendments prepared		5
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## General Adjustment

◆ Restrictions for Code Violations		21
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## Ellis Withdrawals and Removals

◆ Ellis withdrawals		35
<i>withdrawals processed</i>	<i>29</i>	
<i>returns to rental market processed</i>	<i>6</i>	
◆ Removal Permits		4
<i>Category C</i>	<i>4</i>	
<i>Category D</i>	<i>0</i>	

## Forms and Permits

◆ Clearance forms to submit development applications	102
◆ Demolition Permits processed	117
◆ Building Permits processed	164
◆ Property Registrations processed	291
◆ Vacancy Registration Forms Processed	3,604
◆ Registration fee payments processed	3,848
◆ Fee waivers processed	128

## Petitions

◆ Petitions processed on in-take	103
◆ Excess Rent Prima Facie Determinations	26
◆ Exemption Staff Reports Prepared and Reviewed	24
◆ Tenant Not in Occupancy Prima Facie Cases Reviewed	4
◆ Hearings held	77
<i>on decreases</i>	54
<i>on complaints</i>	12
<i>on exemptions</i>	6
<i>on bootleg units</i>	2
<i>on potential lapse of exemptions</i>	3
◆ Written decisions issued	51
◆ Interpreter services provided	12
<i>Spanish</i>	11
<i>Vietnamese</i>	1
◆ Addenda issued	48
◆ On-site investigations conducted	162
<i>upon scheduling decrease petitions</i>	39
<i>in response to compliance requests</i>	34
<i>exemption use investigations</i>	1
<i>regarding unit identification conflicts</i>	3
<i>Ellis investigations</i>	40
<i>Occupancy, unit use, residence verification, etc.</i>	27
<i>Other, i.e., measuring, service of documents, etc.</i>	18

## Appeals and Litigation

◆ Staff reports on appeal prepared		20
<i>decrease cases</i>	13	
<i>tenant not in occupancy cases</i>	2	
<i>exemptions/lapses following</i>		
<i>Hearing Officer Recommendation</i>	5	
<i>returns to rental market processed</i>	4	
◆ Litigation cases		6
◆ Administrative records prepared		1

## Registration Fees collected through Small Claims

\$9,366

<i>collection actions taken</i>	1
<i>settlements entered</i>	6
<i>registration fee suits filed</i>	11

## Legal Advisory

◆ Miscellaneous staff reports written	6
◆ Officer of the Day requests responded to	32
◆ Agreements Written	3
◆ Occupancy Permits Advisory	7
◆ Responses to subpoenas and Public Record Act requests served on Agency	14
◆ Consultations with Planning and City Attorney staffs	64

APPENDIX A

A map of the City areas and percentage of rental units in each as of 12/31/07 are shown below:

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

