

SANTA MONICA RENT CONTROL BOARD

ANNUAL REPORT
FISCAL YEAR 1996/97

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SANTA MONICA RENT CONTROL BOARD ANNUAL REPORT

JULY 1996 THROUGH JUNE 1997

INTRODUCTION

The Rent Control Charter Amendment provides that the Rent Control Board shall report annually to the City Council on the status of controlled rental housing. The major factors affecting the housing stock in the past year were vacancy rent increases and the final stages of the earthquake repair increase program.

During Fiscal Year 1996/97 the Agency refocused its programs and priorities in the wake of a new state law which mandates vacancy decontrol/recontrol on January 1, 1999 following a three-year phase-in period during which owners may take an increase of up to 15% upon voluntary vacancy.

- The new state law took effect on January 1, 1996. In most cases it allows rent increases of up to 15% upon voluntary vacancy of a unit. Units may be eligible for two increases prior to January 1, 1999. Through June 30, 1997, 6,865 unit vacancy registrations (R's) had been filed, 3,837 in the past year. Vacancy increases are expected to have substantial long-range deleterious effects on the affordability of rental housing in the coming years.

- In response to the 1994 earthquake, the Board established the Q-Petition, a rent increase process for owners to recover the cost of earthquake-related repairs. The major purpose of the program was to encourage owners to quickly repair their properties and minimize the loss of rental housing units and displacement of tenants. Through June 30, 1997, 1,017 decisions have been issued for both completed and proposed repairs. The total cost of approved repairs for which increases were granted was \$30,576,146. These increases affected 9,738 units.

- Because the cumulative impact of vacancy increases and earthquake increases have affected the affordability of the housing stock, this report studies both the separate and combined impacts of those increases:

- * The data dramatically shows that once a vacancy increase is taken, the probability is very low that the unit will be re-rented to low income seniors or disabled tenants. This is the case whether or not the unit previously was rented to a very low income senior or disabled person. Santa Monica has maintained a high percentage of senior renters over the past 30 years. Other studies have shown that a great percentage of them are low income. The data in this report indicates that the number of senior renters will decline rapidly in Santa Monica as units are vacated and the rents increase.

* Though the data is not as clear-cut as it is for low income fee waivers, the evidence suggests that once a vacancy increase is taken, it is unlikely that the unit will be rented to a tenant with a Section 8 contract or certificate, whether or not the unit was previously occupied by a Section 8 tenant. The HUD rules that make it easier for owners to opt out of a HUD contract and the diminished economic benefit of Section 8 tenants indicate that fewer owners will elect to provide housing under Section 8.

* The data indicates that housing costs will continue to rise, becoming less affordable at every income level. This portends an influx of more affluent renters accompanied by an exodus of low and moderate income households, resulting over time in a population much less economically diverse than it has been in recent years.

SIGNIFICANT DEVELOPMENTS IN 1996/97

AFTERMATH OF THE JANUARY 17, 1994 NORTHRIDGE EARTHQUAKE

SUMMARY OF EARTHQUAKE-DAMAGED HOUSING STOCK

The earliest data indicated that, as of February 10, 1994, approximately 218 multi-family residential buildings containing 2,252 units had some units which were uninhabitable, either red or yellow-tagged¹. Many other properties sustained varying degrees of damage, particularly those in the northwestern part of the city.

Of the tagged properties, through June 30, 1997, 160 properties with 1,607 units have been repaired and are now habitable.

Thirty-two properties containing 354 units have been demolished as a direct consequence of earthquake damage. Included are 178 units at the Sea Castle which was damaged in the earthquake. The demolition, however, was also the result of a subsequent fire which caused additional damage to the vacant building.

Thirty-two properties (309 units) remain tagged as uninhabitable. This includes 1221 Ocean Avenue, with 120 units, which is now being repaired.

THE Q-PETITION

Q-petitions allowed the pass through to tenants of the owner's costs of repairing earthquake-related damage. Owners applied for rent increases for completed repairs or for authorization for proposed repairs. Once the repairs were completed, owners could file a request for addendum in order to implement the proposed increases.

To assist owners to rapidly repair units damaged by the earthquake, streamlined procedures were developed to expedite processing of the petitions. Q-petitions were processed administratively in most cases, rather than having a formal evidentiary hearing. Tenants had an opportunity to respond to the claims. A case analyst reviewed the landlord's documents and tenant responses to determine if the claims were earthquake-related and the costs reasonable. On some occasions, the analyst inspected the property. The costs of repairs, including financing, were amortized over 5, 10 or 20 years, depending on the type of repair, and passed through as rent increases. The decision could be appealed to the Board by either landlord or tenant.

The original Q-petition regulation expired on January 17, 1995, but was extended by the Board to June 30, 1995. The deadline inspired a last-minute flurry of petitions. By the deadline 1,042 petitions were filed, 220 on the last day alone.

¹ Buildings that were red or yellow-tagged immediately following the earthquake but had already been upgraded to green status by February 10, 1994 are not included in these numbers.

Shortly after the earthquake, the Santa Monica City Council mandated that buildings of certain construction types which are considered susceptible to earthquake damage be retrofitted, even if there was no earthquake damage. The most common residential construction impacted by this ordinance has residential units built over tuck-under parking; this is commonly referred to as "soft story." The costs of soft story retrofitting were allowable expenses under the Q petition process.

ADMINISTRATIVE DECISIONS. One thousand seventeen administrative decisions were issued by June 30, 1997, 182 in the 96/97 year. Upon completion of approved proposed repairs, 265 addenda, most of them final addenda, were also issued; of those, 81 were issued in the past year.

Of the decisions issued, 964 (95%) were granted -- 491 for completed repairs, 76 for proposed repairs, and 397 for both completed and proposed repairs. Twenty-five petitions were withdrawn or dismissed. Twenty-eight were denied.

Prior to 1996/97, five petitions were referred to the Hearings Department for an evidentiary hearing. No petitions were referred in 1996/97.

The number of units affected by approved petitions was 9,738. Below is a cost summary of expenses (not including financing) of earthquake-related repairs approved. Costs which were authorized as proposed in the administrative decision, but have subsequently been allowed as completed through the addendum process are listed as completed costs.

Completed Common Area	\$25,306,060
Completed Individual Units	<u>2,641,914</u>
Completed Total	\$27,947,974
Proposed Common Area	\$2,412,756
Proposed Individual Units	<u>215,416</u>
Proposed Total	\$2,628,172
Total Approved Repairs	\$30,576,146

Monthly increases per tenant ranged from \$1 to more than \$300, though typical increases were between \$10 and \$30.

APPEALS OF ADMINISTRATIVE DECISIONS. Two hundred fifty-four of the decisions were appealed to the Rent Control Board by either the owner, tenant(s), or both parties, an appeal rate of 25%. Forty-six of the appeals were filed in 96/97. By June 30, 1997, the Board had heard a total of 210 of the appeals, and 27 were withdrawn by the parties. The Board heard 52 appeals in 96/97. The Board affirmed the decisions in 89 cases, modified the decision in 79 cases, denied five petitions, dismissed five, and remanded five cases to Hearings.

S PETITIONS. The Board also established a procedure (the "S-petition") that went into effect on August 1, 1995 by which owners could apply for pass through of the costs of soft story retrofitting. As of June 30, 1997, 40 S-petitions had been filed, 23 of them within the last year. Thirty-five decisions were issued, all granting increases -- 33 for completed retrofitting, 1 for proposed costs and 1 combined completed and proposed. Through June 30, 1997, one decision was appealed; the Board affirmed the administrative decision. The appeal occurred in a prior year; no appeals were filed in 96/97.

VACANCY INCREASES

During the period of this report, the law allowed an owner to increase the rent on a voluntarily vacated unit by up to 15% or up to 70% of a market level determined by HUD (Department of Housing and Urban Development), whichever was greater. Owners are eligible for two increases upon voluntary vacancies prior to 1999.

3,837 unit vacancy registrations (R's) were filed in the past year. Ninety-one were rejected as duplicate filings, and in 96 cases the units were ineligible. Two hundred ninety-five R's were in progress at the end of the fiscal year.

Through June 30, 1997, a total of 6,865 unit vacancy registrations (R's) had been filed of which 5,492 were for the first vacancy. Within this category, the 15% increase was applied to 5,040 units (92%) and 409 units were raised to 70% of fair market. Eight hundred ninety-one increases were for the second vacancy, which applied up to a 15% increase in all cases. Of the 891 second increases, 703 were filed in the last year.

Vacancy Rent Increases for TORCA Units -- In December, 1995, the Board created a program allowing owners of eligible owner-occupied TORCA units to rent the units at market rate upon authorization by the Board. Regulation 3302 implementing the program became effective on January 1, 1996.

The program, Vacancy Rent Increases for TORCA Units, was modeled after the exemption which is granted to single family dwellings that are owner-occupied for two consecutive years (Charter Section 1815). An owner-occupant who has lived in a TORCA unit for two years may apply to the Rent Control Board for authorization to establish a new maximum allowable rent (MAR) for the unit. The authorization gives the owner pre-approval to set a new MAR when he or she leaves the unit and rents it to a tenant.

If the Board authorizes the vacancy rent increase and the unit is rented, the owner is required to re-register the unit with its new MAR and amenities.

Between July 1, 1996 and June 30, 1997, 64 applications for Vacancy Increase for TORCA units had been filed. Of those, 59 were granted and four were withdrawn. The remaining application was pending. Of the 59 units with vacancy increase authorizations, 30 owners rented their units and re-registered the new MARs during the fiscal year.

The increases in MAR's ranged from 27% to 222%. Seventeen increases were under 100%; 13 were more than 100%.

Among the 14 one-bedroom units, the pre-increase MAR's ranged from \$319 to \$896 and the post-increase MAR's ranged from \$850 to \$1,900. The median pre-increase MAR was \$672 (affordable at 80% of median); the median post-increase MAR was \$1,050 (unaffordable at 100% of median).

Among the 15 two-bedroom units, the pre-increase MAR's ranged from \$452 to \$1,062 and the post-increase MAR's ranged from \$1,100 to \$2,000. The median pre-increase MAR was \$767 (affordable at 80% of median); the median post-increase MAR was \$1,400 (unaffordable at 100% of median).

The 3-bedroom unit was increased from \$824 (affordable at 60% of median) to \$1,500 (unaffordable at 100% of median).

The pre-increase affordability of units was similar to the city over all. After the increase no unit was affordable to households with incomes under 100% of median. Eleven are affordable at 100% of median while 19 are no longer affordable even to households at 100% of median income.

Because TORCA owners with vacancy increases may set the MAR at any level, the re-registered MAR's may provide some indication of what "market rents" may be. However, it is possible to infer too much from the new MAR's because the TORCA units in question were not representative of controlled units as a whole and the sample of 30 is very small.²

THE COMBINED IMPACT OF VACANCY AND EARTHQUAKE INCREASES

The date of the earthquake, January 17, 1994, was a significant date for the housing stock of Santa Monica. On the day before the earthquake, 11,220 out of 28,657 controlled rental units (39%) were affordable to "very low income" households (50% of median). By June 30, 1997, this number had declined to 8,820 (30.8%). The 2,400 units no longer affordable at 50% of median represents a decrease of more than 21%.

The decline of affordable units was also felt at the "low income" (60% and 80% of median income) levels, and even the "moderate" (100% of median income) level, though the impact was not as pronounced at the higher levels.³

19,133 units (66.8% of all units) were affordable at 60% of median income in 1994, and 16,792 in 1997, a decline of 2,341 units which translates into a 12.2% reduction in the number of units affordable at this income level.

25,848 units (90.2% of all units) were affordable at 80% of median income in 1994, and 24,946 in 1997, a decline of 902 units which translates into a 3.5% reduction in the number of units affordable at this income level.

27,479 units (95.9% of all units) were affordable at 100% of median income in 1994, and 27,151 in 1997, a decline of 328 units which translates into a 1.2% reduction in the number of units affordable at this income level.

² Periodically the Agency determines median MAR's from units in its database. The units include only those on properties with four units or more and only those units for which the number of bedrooms listed is considered accurate. The number of units used in the determination is typically between 26,000 and 28,000.

³ For example, for a family of four, the maximum income at 50% of median was \$24,150 in 1994 and \$25,650 in 1997. In 1997 maximum income for a family of four at 60% was \$30,780; at 80% it was \$41,040, and at 100% it was \$51,300.

This report studies the impacts of several important factors on the rent levels in the City between January 16, 1994 (the day before the earthquake) and June 30, 1997. It examines changes in median MAR's, the affordability of units, and low income fee waivers.

To the extent possible, it isolates the impact of vacancy increases (both Threshold Rent and Costa-Hawkins) and earthquake increases, and also examines the cumulative effects of these increases. To evaluate the relative impact of each type of increase, staff analyzed several database reports. One report provided data detailing changes from January 16, 1994 to June 30, 1997 and focused on units which had received earthquake increases. Another report detailed effects of increases from September 30, 1995 to June 30, 1997 focusing on units which had received Costa-Hawkins increases.

BACKGROUND ON VACANCY INCREASES

In 1992 the Rent Control Board inaugurated the Threshold Rent Program which allowed increases on voluntarily vacated low-rent units. A "threshold" or minimum rent level was set for each eligible unit based upon the neighborhood in which the property was located and the number of bedrooms in the unit. Units were entitled to only one vacancy increase which increased the rent to the threshold level.

In October 1995, implementation of the Costa-Hawkins Act eliminated the need for the Threshold Rent Program and it was repealed by the Board. From the January 17, 1994 earthquake to the end of the program, 1,465 threshold rent increases were granted.

The impact of the Threshold rent increases was magnified because many of the vacancies that enabled owners to apply for Threshold increases were triggered by the earthquake, a factor that did not exist in the first two years of the Threshold program. More than 500 Threshold rent increases were granted after the earthquake on units which also received some earthquake increase as well. In some cases, properties were red- or yellow-tagged and tenants had to move out until the building was safe. By the time the building was repaired, many tenants had become established at different residences and did not wish to return. In other cases, tenants were frightened by the earthquake and moved to what they considered safer structures, or they left Santa Monica.

Some vacancies which occurred during the period of the Threshold Rent Program were not reported by the owner until Threshold Rent had been replaced by state-mandated vacancy increases. In other cases, when a unit had been left vacant after the earthquake continuously through the beginning of Costa-Hawkins, the unit may have received both types of increase. Since the earthquake approximately 200 units were granted both types of vacancy increase.

Given the entanglement of timing and programs, much of the discussion of vacancy increases includes units receiving either a Threshold Rent increase, a Costa-Hawkins increase, or both.

IMPACT OF VACANCY INCREASES ON MEDIAN MARs⁴

City-wide median MAR's on October 14, 1993, three months prior to the earthquake, were:

0-bedroom	\$408
1-bedroom	489
2-bedroom	645
3-bedroom	796

The annual general adjustment was the greater of \$11 or 2% in 1994 and \$8 or 1.5% in 1995. The center column below lists what median MAR's would have been on September 30, 1995 (just prior to implementation of Costa-Hawkins) calculated using the annual general adjustments alone. The column on the right lists actual city-wide median MAR's on September 30, 1995.

<u>Number of Bedrooms</u>	<u>9/30/95 Median MAR's Based on General Adjustments</u>	<u>9/30/95 Median MAR's Actual</u>
0	\$427	\$445
1	508	527
2	668	676
3	824	850

The actual increase in median MAR's over what would have been expected from general adjustments alone was 3-4% over a period of two years (October 1993 through September 1995). This increase can, for the most part, be attributed to Threshold Rent increases.

In 1996 the annual general adjustment was \$9 or 1.6%. The center column below lists what the MAR's would have been on June 30, 1997 applying the general adjustment alone; the right-hand column lists actual city-wide median MAR's on June 30, 1997.

<u>Number of Bedrooms</u>	<u>6/30/97 Median MAR's Based on General Adjustments</u>	<u>6/30/97 Median MAR's Actual</u>
0	\$454	\$474
1	536	557
2	687	708
3	864	886

The actual increase in median MAR's over what would have been expected from the general adjustment alone was 3-4% over a period of 21 months. This increase can, for the most part, be attributed to Costa-Hawkins increases.

⁴ Periodically the Agency determines median MAR's from units in its database. The median is used because it is most representative of the "average." It is derived from listing all MAR's in order from lowest to highest; the median is the mid-point. In analyzing rents, this method is preferable to adding up the MAR's and dividing by the number of units because MAR's at the high end have too much weight and skew the result.

The units include only those on properties with four units or more and only those units for which the number of bedrooms listed is considered accurate. The number of units used in the determination is typically between 26,000 and 28,000.

Although other factors could influence the data, they are statistically insignificant. These include increases and decreases granted by the Board, exemptions, removals, corrections of number of bedrooms in a unit, and properties being reassigned parcel numbers due to TORCA conversions. However, the only factor that occurred in sufficient numbers to potentially have a significant impact was Q-petition increases. Though approximately 30% of the units in each bedroom-size category had earthquake increases and 20% had vacancy increases, the typical amount of earthquake increase (\$10-30) had little impact on the median MAR, particularly compared with the typical \$100 vacancy increase. Earthquake increases did have an impact on city areas hardest hit by the earthquake.

The data indicates that the vacancy increases, whether Threshold Rent or Costa-Hawkins, have served to increase the median rent by 1.5% to 2% per year. Two elements of the Costa-Hawkins Act indicate that this increase will be accelerated in the coming years. First, more units will become eligible for the second vacancy increase, resulting in cumulative increases per unit of 33%, rather than the 15% allowed on the first increase. Second, beginning January 1999, increases upon vacancy will no longer be restricted to 15%. Each time the unit is voluntarily vacated, a rent amount may be set anew. Presumably, this will result in increases larger than 15%.

IMPACT OF VACANCY INCREASES ON AFFORDABILITY

The impact of the increases is more meaningful when viewed from the perspective of affordability, one of the most important factors affected by rent increases. In the first 16 years of rent control, the stability provided by vacancy control resulted in a large percentage of units that were affordable to households with a wide range of incomes, from very low to moderate, thereby enabling Santa Monica to maintain an economically diverse community.

The following discussion uses definitions established by the federal Housing and Urban Development (HUD) program:

Very Low Income -- households whose income is 50% or less than the median household income for a family of four in Los Angeles County.

Affordable Rent -- rent no higher than 30% of gross income.

Because the focus of the Threshold program was to increase rents on units with the lowest rents, the great majority of units receiving increases under this program (1,202, or 82%) had been affordable to very low income households. Based on the Threshold Rent increase alone, 775 (64% of the 1,202) are no longer affordable to households with an income at 50% of median.

Since the Threshold increase was limited to one increase per unit (averaging about \$100), and since the threshold rent levels were roughly based on median rents, of the 1,465 increases, all 0- and 1-bedroom units remained affordable at the 60% level (considered to be "low income"), and only a small number of 2- and 3-bedroom units became unaffordable at the 60% level.

On September 30, 1995, the day before Costa-Hawkins was implemented, and in spite of the prior impact of the Threshold Rent Program, 54% of 0-bedroom units, 49% of 1-bedrooms, 35% of 2-bedrooms, and 25% of units with 3 or more bedrooms were affordable to "very low income" households.

- Also on September 30, 1995, 86% of 0-bedroom units, 80% of 1-bedrooms, 64% of 2-bedrooms, and 52% of units with 3 or more bedrooms were affordable to "low income" households at 60% of median income.

- Also on September 30, 1995, 94% of 0-bedroom units, 97% of 1-bedrooms, 93% of 2-bedrooms, and 86% of units with 3 or more bedrooms were affordable to "low income" households at 80% of median income.

By June 30, 1997, less than two years later, a significant number of units that had once been affordable to the very low income group were no longer affordable to them.

A slight loss of affordability is attributed to the intervening annual general adjustment that occurred in September 1996. Because the HUD affordability levels did not change that year, and the general adjustment increased rents by 1.6% or \$9, whichever is higher, some attrition occurred. The great majority of the loss of units affordable at the 50% level is attributable to Costa-Hawkins increases.

AFFORDABILITY FOR VERY LOW INCOME HOUSEHOLDS (50% OF MEDIAN)

In 1994 according to HUD, to be considered very low income (50% of median income), the maximum income for a family of four was \$24,150; in 1997 it was \$25,650⁵.

The table below identifies the number of units at each bedroom size and percentage of total (28,657) units which were affordable to very low income households on January 16, 1994 (before the earthquake) and as of June 30, 1997.⁶

<u>No. of Bedrooms</u>	<u>Units in Report</u>	<u>Affordable Units in 1994</u>	<u>% of Total</u>	<u>Affordable Units in 1997</u>	<u>% of Total</u>	<u>Amt. of Change</u>
0		1,326		885		-33.3%
1		5,882		4,606		-21.7
2		3,394		2,791		-17.8
3 or more		<u>618</u>		<u>538</u>		-14.6
Total	28,657	11,220	39.2%	8,820	30.8%	-21.4%

⁵The analysis below measures the effects of increases on very low income households as if all households in the group had the maximum qualifying income. In fact, most households had even lower incomes and because affordability is based on a percentage income, households with lower incomes will find even fewer units affordable.

⁶ The units include only those on properties with four units or more and only those units for which the number of bedrooms listed is considered accurate. In the case of this report, the total number of units was 28,657.

In other words, 2,400 units (11,200 less 8,820) which had been affordable to very low income households, no longer are. The loss of those 2,400 units diminished the number of units affordable to very low income families by more than 21%. Units with 0-bedrooms were impacted most; one-third of those units were lost.

The database cannot directly track the factors that caused the units to lose affordability. But it was possible to indirectly determine and examine the major influences -- vacancy increases and earthquake increases.

During the intervening period, the Board granted increases on earthquake petitions affecting 2,654 units which were affordable at 50% prior to the earthquake.

In the majority of cases (1,581, or 59.8%), the earthquake increase was small enough that the unit was still affordable at 50% on June 30, 1997. 112 of the 2,654 units had both an earthquake and vacancy increase (either Threshold Rent [30] or Costa-Hawkins [82]) and still remained affordable at 50%.

The 1,073 remaining units with earthquake increases were no longer affordable to very low income households. These units represent nearly half of the 2,400 that lost affordability. 299 units lost affordability due solely to the earthquake increase, while others had as many as four increases (earthquake, threshold and two Costa-Hawkins) which contributed to the loss of affordability. Nearly half (500) had one vacancy increase in addition to the earthquake increase. Another 264 units had two or three vacancy increases in addition to the earthquake increase.

Some units which lost affordability at 50% of median income were affordable to households at the next income level up (60%); other units became unaffordable even at 100% of median. More than one-third of units became affordable at the 80% of median level or higher. After the increase(s):

- 717 were affordable at 60% of median
- 326 were affordable at 80% of median
- 22 were affordable at 100% of median
- 8 were unaffordable at 100% of median.

In the Costa-Hawkins study, of the units on which Costa-Hawkins increases had been filed, 1,692 units were affordable at 50% on September 30, 1995, and by June 30, 1997 only 461 (27.3%) were affordable.

Of the 1,231 units that were no longer affordable to very low income families, and which had at least one vacancy increase, 351 also had earthquake increases. 880 were no longer affordable to very low income families based upon Costa-Hawkins vacancy increases alone.

In summary, the loss of affordability of 2,400 units to very low income families is attributable to:

Earthquake increase alone	299
Costa-Hawkins increase alone	880
Combination of earthquake and vacancy increases	774
Threshold rent increases alone or other factors	547

IMPACT OF Q-PETITION INCREASES ON AFFORDABILITY

To assess how much the earthquake petition increases alone were responsible for the decline in affordable units for very low income households, the impact was compared for several groupings of units: all units in the city, units which received earthquake increases, units which did not receive earthquake increases, units in area A (Ocean Park -- where earthquake damage was not extensive), Areas F and G (north of Wilshire -- where some properties experienced substantial damage) and properties that were tagged red or yellow, meaning uninhabitable, at least temporarily.

The chart below compares the loss of affordability at the 50% of median income level for each of the categories. The number of units in the selection is in parentheses:

<u>Category of Units</u>	<u>Affordable at 50% in 1994</u>	<u>Affordable at 50% in 1997</u>	<u>% Change⁷</u>
All units (28,657)	39.2%	30.8%	-21.4%
With no Q-petition increase (19,794)	43.3	36.5	-15.8
Area A (4,981)	31.6	24.2	-23.6
Areas F and G (11,093)	26.6	19.0	-28.5
With Q-petition increase (8,863)	30.0	18.1	-39.6
Red- and yellow-tagged (1,672)	32.5	17.7	-45.7

The impact of earthquake increases can be seen in the decline of affordability. Those groups of units most affected by the earthquake lost affordable units at a higher rate (shown by a greater percentage of change in the right-hand column). On the other hand, areas of the city such as Ocean Park, which had relatively little damage, lost affordable units at about the same rate as the city as a whole, 23.6% compared with 21.4%.

Notable also is the fact that the units hardest hit by the earthquake were less affordable before the earthquake than the city as a whole or the units which received no earthquake increase. The earthquake caused the most damage in areas where the rents tended to be higher.

Nearly 16% of units (15.8%) lost affordability even in the absence of earthquake increases; this represents the norm. In other words, of the 21.4% decline in affordable units city-wide, 15.8% cannot be attributed to earthquake increases. Viewed another way, only 5.6% of the decline can be attributed to earthquake increases. Most of the decline is the result of vacancy increases (discussed in the Costa-Hawkins section above.)

⁷ Represents change in number of affordable units in 1994 to number of affordable units in 1997. For example, in 1994, 11,220 (39.2%) of all 28,657 units were affordable; in 1997 8,820 (30.8%) were affordable. The percentage change is $(11,220 - 8,820 = 2,400)$ divided by 11,220, which is a decline of 21.4%.

IMPACT OF VACANCY INCREASES ON FEE WAIVERS

The loss of very low income households during this period can also be seen by the changes in low income fee waivers. The number of fee waivers typically rises and falls during the year. Generally, however, they decrease in June and increase again by December. Even when rents were rising as a result of Threshold Rent increases, the number of low income fee waivers remained fairly constant. Low income senior fee waivers were consistently in the 900's through December 1993, one month before the earthquake. One year later, December 1994, the number was still 895. However, from that point on, the number continued to decline until by June 30, 1997, it was down to 766.

The impact resulting from vacancy increases is clear. In September 1995, there were 119 senior fee waivers and 26 disabled fee waivers in the 5,368 units which subsequently received vacancy increases. On June 30, 1997, these same units had only 9 senior fee waivers and 5 disabled fee waivers.

The impact on Section 8 fee waivers has been somewhat different. Though the total number of Section 8 fee waivers has slightly increased over time, the number of waivers on units with vacancy increases has declined dramatically. In September 1995 there were 748 Section 8 fee waivers -- 104 of those were on units which subsequently received vacancy increases. In June 1997 though there were 751 Section 8 fee waivers -- only 64 were units that had had vacancy increases.

Previously owners entered into contracts for Section 8 tenants because it made economic sense -- they received higher rents than permitted under the MAR. Now in many cases, the first or second vacancy increase raises the MAR higher than the "fair market rents" paid by HUD. After January 1, 1999 when rents for new vacancies can be set at any amount the owner can collect, there will be even less economic incentive to rent to Section 8 tenants.

Also during this period, the HUD rules changed and allowed owners to opt out of Section 8 contracts more easily than before. Some owners canceled Section 8 contracts on existing tenants. While this action reduced the lawful rent back to the MAR, the tenants were now responsible for the entire amount when previously they paid 30% of their household income and HUD paid the difference. This increased burden on the tenants caused several to move, actions the owners claimed were "voluntary." They, therefore, believed that they were entitled to a Costa-Hawkins increase.

In summary, once a unit received one vacancy increase, the likelihood of its being rented to a Section 8 or very low income senior or disabled tenant diminished substantially. The table below tallies the gain/retention of fee waivers and the loss of fee waivers following one Costa-Hawkins vacancy increase.

<u>Status</u>	<u>Fee Waiver Gained/Retained</u>	<u>Fee Waiver Lost</u>
Vacating low income fee waiver holder replaced by new low income fee waiver holder	5	
Vacating non-fee waiver holder replaced by low income fee waiver holder	10	
Vacating low income fee waiver holder (118 senior, 24 disabled) replaced by non-fee waiver holder		142
Vacating Section 8 tenant replaced by new Section 8 tenant	18	
Vacating non-fee waiver holder replaced by Section 8 tenant	44	
Vacating Section 8 tenant replaced by non-fee waiver holder	—	<u>85</u>
	77	227

Similar losses occurred after owners took a second Costa-Hawkins increase. Of 891 units with two Costa-Hawkins increases, 19 units had senior fee waivers on September 30, 1995; three had them on June 30, 1997. Two units had disabled fee waivers in 1995 and one in 1997.

In September 1995 there were 25 Section 8 fee waivers on units which subsequently received two Costa Hawkins increases. In June 1997 only 9 were units that had had two Costa Hawkins increases.

Three units that had a Section 8 fee waiver prior to the increases, brought in another tenant who also had a Section 8 fee waiver after the second increase. One Section 8 fee waiver holder was replaced by the holder of a low income fee waiver. In 6 cases, the unit was rented to a Section 8 tenant after a vacancy by a tenant who did not have a fee waiver. In 21 units, the Section 8 tenant was not replaced with a tenant with a fee waiver.

In summary, for the units with two vacancy increases, after 21 months of Costa-Hawkins increases, fee waivers were gained or retained on 12 units and lost on 32 units.

IMPLICATIONS FOR THE FUTURE

The data above describe a housing stock which is rapidly changing. These changes indicate the trends for the future of affordable housing and an economically diverse population in the City. On both counts, the data suggest a continuous decline taking place over a short period of time.

- More than 1,000 units lost affordability for very low income households (50% of median) over a period of 21 months (October 1, 1995 through June 30, 1997), an average of slightly under 50 units per month. If the trend continues, 600 units currently affordable to very low income families will no longer be affordable to them by June 30, 1998 and 900 will have been lost by January 1, 1999. The number of units affordable at 50% decreased from 11,220 before the earthquake in January 1994 to 8,820 in June 30, 1997, a decrease of 21.4% in 3 1/2 years. The projected loss of 900 units would be an additional decrease of 10% in 1 1/2 years -- a rapid acceleration in the loss of affordable units.

- Low income households may rent units that are not affordable to them. Many households already pay rent that is a larger portion of their income than HUD considers affordable (30% of gross income is considered affordable). As a result of vacancy increases, more households may pay an even larger portion of their income for rent. On the other hand, overcrowding may increase when households attempt to add more income producers to pay the rent. Most likely, however, the number of low income households in Santa Monica will decrease along with the decline of housing affordable to them. They will be forced to go elsewhere for affordable housing.

- The data dramatically shows that once a vacancy increase is taken, the probability is very low that it will be re-rented to low income seniors or disabled tenants. This is the case whether or not the unit previously was rented to a very low income senior or disabled person. Santa Monica has maintained a high percentage of seniors over the past 30 years. Other studies have shown that a great percentage of them are low income. The data in this study indicates that the numbers of senior renters will decline rapidly in Santa Monica as units are vacated and the rents increase.

- Though the data is not as clear-cut, the evidence suggests that once a vacancy increase is taken, it is unlikely that it will be rented to a tenant with a Section 8 contract or certificate, whether or not the unit previously was occupied by a Section 8 tenant. The HUD rules that make it easier for owners to opt out of a HUD contract and the diminished economic benefit of Section 8 tenants indicate that fewer owners will elect to provide housing under Section 8.

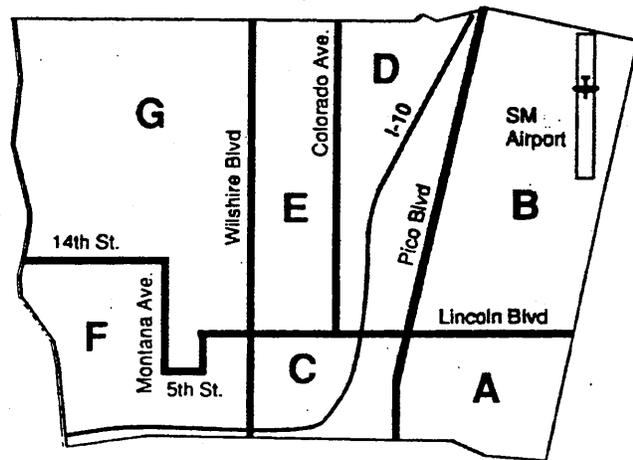
- The data indicates that housing costs will continue to rise, becoming more unaffordable at every income level. This portends an influx of affluent renters accompanied by an exodus of low and moderate income households, resulting in a population much less economically diverse than it has been in recent years.

CHANGES IN THE HOUSING STOCK

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

The City areas and approximate percentage of rental units in each are shown below:

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



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 records⁸.

The completed development during the past fiscal year reflects the slow development rate prevalent in the early 1990's. The recent upsurge in development is not yet reflected in completed projects.

Nevertheless, the development that has been completed indicates that there has been an intensification of use, that is, more units have been built than have been removed.

COMPLETED CONSTRUCTION

Eight projects which contain 129 units were completed. These projects replaced 40 residential units. One of these properties (12 units) was rebuilt pursuant to a Rent Control Board settlement agreement.

⁸ All information related to new construction comes from the City's PERMIT system.

Details of the remaining 117 completed residential units are:

Condominiums • Three properties (14 units), withdrawn under Ellis, received a certificate of occupancy for 33 condominiums. In lieu fees were paid to meet Proposition R requirements. One 20-unit property includes three moderate income level units and 3 low income units.

Rentals • Two properties with 3 units each that received Category D removal permits were replaced by 56 (28 at each property) units, four of which are deed restricted to tenants of low income (at the 80% of median income level). However, the City's Multifamily Earthquake Residential Loan Program (MERLP), which provided most of the funding, requires that all units be deed restricted to tenants of low income at the 60% of median income level for the period of the loan (30 years).

• One 4-unit property received a DQ removal permit and was rebuilt with four market rate units, one moderate income level unit and one low income unit.

Residential development was completed in five of the seven areas in the City. The table below indicates the units removed and units built in each City area.

<u>City Area</u>	<u>Units completed in FY 95/96</u>	<u>Rental Units previously removed from these sites</u>
B	20	12
C	56	6
E	18	13
F	12	1
G	<u>23</u>	<u>8</u>
Total	129	40

THE ELLIS ACT

When the Ellis Act became law in July 1986, it allowed landlords to go out of the rental business, evict tenants, and withdraw units from the housing market.

During the 1996/97 fiscal year, nine properties containing 48 residential rental units were withdrawn from the residential rental housing market under the Ellis Act. The owner of one property with one rental unit began the withdrawal process but elected not to complete it.

In the same period, owners of three properties which had previously been withdrawn rescinded the withdrawal and re-rented the units. The 13 units on these properties are again under Rent Control.

The net loss of units during the fiscal year was 35. However, as a result of modifications to the database relating to withdrawals from prior years, the totals reflect a change of 55 units. As of June 30, 1997, 215 properties containing 1,054 units had been withdrawn. Two properties with a total of fifteen units had begun the process of withdrawal.

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 the conversion and agreed to purchase their units. Protections were built in for tenants who did not wish to purchase their units. Not all converted units are lost from the rent control housing stock immediately. Current tenants may continue to occupy them.

The provisions of the TORCA law ended on June 30, 1996. Applications filed prior to the deadline are still processed, but no further applications are accepted by the City.

As of June 30, 1997, TORCA conversions had been approved for 319 properties containing 3,233 units. Of those, 1,525 units had been sold on 202 properties; 599 units on the same properties had not been sold. On 117 of the projects, none of the 1,109 units had been sold.

An additional three properties containing 155 units were pending conversion at the end of the fiscal year. This includes one mobile home park (Mountain View - 1930 Stewart Street) with 141 units.

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 several types of removals which the Board may grant:

- Category B -- if the Board finds that the Maximum Allowable Rent does not provide a fair return and that the landlord cannot rent the unit at the rent necessary to provide the landlord with a fair return.*
- 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, the demolished rent controlled units will be replaced with the same number of rent controlled units, and at least 15% of the controlled units to be built will be at rents affordable to low income people. Because units removed under Category D are replaced with other controlled rental units, they are not treated as units lost to the housing stock.*

The Board also adopted special regulations for the removal of earthquake-damaged properties (called CQ and DQ removals).

In the period July 1, 1996 through June 30, 1997, the Board granted a Category C permit for one property with 6 units and a Category D permit for the removal of a one-unit property.

Utilizing the regulations for properties damaged by the earthquake, the Board granted Category CQ removals for five properties with eleven total units.

Twenty-eight units on each of two properties removed under Category D were returned to the housing stock. One property which had received a Category DQ removal permit returned six controlled units. Another property with 16 units were returned under the conditions of a Category D settlement agreement.

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 18 declarations submitted for single family dwellings stating that the structures were not rented on July 1, 1984. Seven other single family dwellings were also exempted under §1815.

Use Exemptions -- Use exemptions are granted for units used as follows:

- Rental units in buildings having two or three units, one of which is occupied by the owner;
- Residential units which have never been rented or for which rent has never been collected since the beginning of rent control (non-rentals);
- Residential units used for housing as a necessary part of a social service program on a non-profit basis.

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	52	20
non-rental	2	1
hotel/motel	<u>17</u>	<u>1</u>
Total	71	22

These exemptions do not all represent a loss of controlled rental units from the housing stock in 1996/97. One 3-unit property received an owner-occupied exemption for the first time. The balance of the owner-occupied properties had previous exemptions.

UNIT SUMMARY

<u>Activity</u>	<u>Reduction in controlled units</u>	<u>Increase in controlled units</u>	<u>Net change in controlled units</u>
Ellis activity	-36	+14	-22
Category C Removals	-6		-6
Category D Removals	-1	+72	+71
Category CQ Removals	-11		-11
Category DQ Removals		+6	+6
New use exemptions	<u>-3</u>	<u>—</u>	<u>-3</u>
Total	-57	+92	+35

PROGRAM, POLICIES AND ADMINISTRATION

PUBLIC OUTREACH

Recently the Rent Control Agency has been expanding public outreach efforts. This fiscal year, the Board resumed publication of its newsletter "Rent Control News" and produced two issues. The first issue was mailed to tenants, landlords and other interested parties in January, 1997. It included articles on maintenance of rental property, lead paint hazards, and evictions, as well as information about Rent Control Board public meetings. The spring issue, mailed in April, 1997, announced important changes in Board regulations and procedures regarding rent increases following vacancies. It also featured information on security deposits, rent reductions, and mediation services offered by a local non-profit organization.

This year several easy-to-read information sheets were added to materials available to the public. The annual summer mailing included an information sheet with answers to some of the most commonly asked questions. In developing these materials, emphasis was placed on providing accurate, useful information in an attractive and easy to understand format.

In addition to producing these written materials, information coordinators have staffed information booths at numerous community events, including the Santa Monica (Clover Park) Festival, the Police Centennial Celebration and the various neighborhood association meetings. Additionally, an information coordinator visited the local senior center, providing rent control information most relevant to senior residents.

The Public Information Department continues to investigate additional methods to improve community outreach, including coordinating efforts with those of other city departments and local non-profit organizations and developing a World Wide Web presence.

SIGNIFICANT LEGAL DECISIONS

1996/97 was marked primarily by a period of status quo with respect to litigation. The major legal issue facing the Board, the direct constitutional attack on rent control as a "taking" of private property without just compensation, remained unresolved at the end of the period.

The primary case on this issue, *Kavanau v. SMRCB*, was pending before the California Supreme Court throughout the year and was decided in the Board's favor after June 1997. Additionally, in litigation similar to that brought against other rent control jurisdictions, the Rent Control Board has been faced with lawsuits seeking to have the Rent Control Law ruled unconstitutional because the landlord claimed it failed to meet its intended purpose. One case, *Santa Monica Beach Ltd. v. SMRCB*, is still before the California Supreme Court. The Board did prevail at trial in a similar case, *Craig v. SMRCB*, when the trial judge granted the Board's motion for non-suit.

As a result of the Court's recent decision in *Kavanau*, it is expected that *Santa Monica Beach* will be decided some time in 1998.

REGULATIONS

In 1996/97 the Board adopted, amended or repealed twelve regulations, including the 1997/98 annual general adjustment (Reg. 3019) and registration fee (Reg. 11018).

The most significant activity involved adjustments to the procedures for implementing and processing rent adjustments pursuant to the Costa-Hawkins Rental Housing Act. The Board amended Regulation 3301 regarding the registration upon re-rental to reflect certain amendments to the Act through state legislation. The Board also adopted Regulation 3303 requiring that landlords notify their incoming tenant, in writing, of the maximum allowable rent. Regulation 3302, the TORCA vacancy increase program, was also amended to clarify the procedures for obtaining the increases.

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 seven years the program has been in effect, 43 contracts have been approved by the Rent Control Board. Five of the contracts were subsequently withdrawn. Thirty-eight properties with 223 units remain active. As of June 30, 1997 there are 110 inclusionary sets in place.

There are 113 dedicated units. Eighty of these are rented to households qualifying as "very low income" (90% have HUD subsidies); the remaining 33 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. Over the years the Board has used various methods to arrive at the General Adjustment.

For the 1996/97 Annual General Adjustment, the Board used the "pie method" to analyze the increases in operating costs by the various components of the rent dollar. The Board also took into consideration the findings of a consultant hired by the Board to assess the impact of increases in the costs of insurance.

The Board adopted a general adjustment in maximum rent levels of 1.6 percent or \$9, whichever was greater. The \$9 was set to provide a minimum increase to apartments with the lowest rents. Since these units have many of the same expenses, such as trash collection increases, as the higher rent units, the \$9 assured owners of the minimum necessary to cover their actual costs.

INDIVIDUAL RENT ADJUSTMENTS

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 1996/97, 16 increase petitions were received by the Hearings Department.

Hearing examiners issued decisions in 10 cases (including four filed the prior year). Eight increases (80%) were granted and two cases were denied. One petition was withdrawn. Two petitions were dismissed (one of which had been filed the prior year.) At end of the fiscal year, eight petitions were pending.

Professional Expenses Addenda -- Professional expenses addenda are issued by hearing examiners in response to requests from owners and tenants in relation to the owner's pursuit of Constitutional rights with regard to the Rent Control Law. The professional expenses category was added in 1994/95 in response to the State law which required it.

In 1996/97, eight professional expenses addenda were issued, all approving fees. All eight addenda, which had been requested by landlords, were approved.

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

In the last year two hardship addenda were issued, qualifying two tenants. Five additional tenants were placed on a hardship schedule because additional increases were granted in subsequent addenda upon completion of proposed capital improvements.

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's first step is to 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 conference is scheduled to resolve the issues without a hearing, if possible.

Received for Mediation

103

Successful	<i>Fully Resolved</i>	31
Resolutions:	<i>Partially Resolved</i>	28
No resolution-referred to hearing		35
Withdrawn or Dismissed		6
In process		3

Received for Hearing from Mediation

57

Decreases granted	28 (49) ⁹
Decreases denied	3
Dismissed	3
Withdrawn	5
In process	18

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

In FY 96/97 the decreases in eleven of the 49 approved petitions were fully reinstated and were partially reinstated in another 17. Additionally, decreases awarded in decisions made in prior fiscal years were fully reinstated in 17 cases and partially reinstated in eight.

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

In FY 96/97 five administrative common area decrease decisions were issued in conjunction with individual decrease petitions; three petitions were granted and two were denied. Decreases awarded affected 37 units. No common area decreases were reinstated.

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 1996/97 58 base rent petitions (35 consolidated petitions) were received by the Hearings Department.

19 base rent decisions were issued by the Hearings Department, two were dismissed and four were withdrawn. The 19 decisions concerned 49 petitions, some of which were consolidated. Of those issued, 14 concerned base amenity issues while five concerned base rents. Three of the five petitions dealing with base rent issues were approved and two were denied. Thirteen of the base amenity petitions were approved; one was denied. Eight cases were pending at the end of the year.

⁹ Twenty-one additional decisions granted decreases for petitions received in prior fiscal years.

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 the fiscal year, 52 complaints alleging excess rent were submitted and 1 complaint was 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 53 complaints submitted, 7 were withdrawn, 8 were rejected and there are two for which the status is pending.

Of the 36 complaints accepted for filing, 4 were resolved prior to formal mediation when owners paid tenants the amount of overcharge claimed by the tenant; 18 were resolved through the settlement/mediation process; and 6 were withdrawn prior to hearing. A total of 78% of the complaints were resolved without the necessity of a hearing. At the close of the fiscal year, 4 cases were in the settlement/mediation process.

Six cases were sent to the Hearings Department to be resolved through hearing. One of the cases was withdrawn. Of the remaining 5 cases, four were decided and one is pending.

Five decisions (4 of which were filed in fiscal year 96/97) were handled by the Hearings Department this year, 1 complaint of non-registration was denied because the claim was not substantiated. Four cases dealing with claims of excess rent were decided. Excess rent violations were substantiated and rent withholding was authorized in three decisions issued; one claim was not substantiated.

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 in mobile home parks for units where tenants have signed long-term leases.

<u>Type of Fee Waiver</u>	<u>As of June 30, 1997</u>
low-income senior	766
low-income disabled	148
owner-occupied	2,690
HUD subsidized (Section 8)	751
administrative	272
mobile home	45
Total fee waivers	4,672

THE WORK OF THE RENT CONTROL BOARD BY DEPARTMENT

ADMINISTRATION AND PUBLIC INFORMATION DEPARTMENTS

• Rent Board meetings convened and staffed		38
<i>regular meetings</i>	31	
<i>special meetings</i>	7	
• Newsletters produced and distributed		2
• Clearance forms to submit development applications		134
• Demolition Permits processed		69
• Building Permits processed		145
• Utility adjustment applications processed		3
• Number of people helped seeking information		26,993
<i>Number at counter (22%)</i>	5,854	
<i>Number by phone (78%)</i>	21,139	
• Excess rent complaints processed		54
• Excess rent mediations conducted		26
• MAR reports generated		119
• Petitions processed on in-take		322
• Property Registrations processed		378
• Registration fees processed		4,384
• Fee waivers processed		361
• Small Claims litigation fees collected		\$39,113
collection actions taken		52
settlements entered		25
registration fee suits filed		36

HEARINGS DEPARTMENT

• Hearings held		130
<i>on rent increases</i>	31	
<i>on decreases</i>	57	
<i>on base rents and amenities</i>	25	
<i>on earthquake petitions</i>	10	
<i>on complaints</i>	7	
• Mediation conferences held		48
• Written decisions issued		100
• Addenda issued		111
• On-site investigations conducted		162
<i>upon scheduling decrease petitions</i>	64	
<i>in response to compliance requests</i>	62	
<i>regarding unit identification conflicts</i>	14	
<i>Ellis investigations</i>	9	
<i>research and measuring</i>	6	
<i>other, i.e., occupancy, unit use, etc.</i>	7	
• MARs updated due to decisions/addenda		8,917
• Site file pages copied to fiche by contractor		72,004
• Interpreter services provided		9
<i>Spanish</i>	3	
<i>Persian</i>	3	
<i>Cantonese; Egyptian; Korean</i>	3	

LEGAL DEPARTMENT

• Staff reports on appeal prepared		72
<i>base rent cases</i>	2	
<i>decrease cases</i>	9	
<i>increase cases</i>	13	
<i>earthquake increase cases</i>	45	
<i>excess rent complaints</i>	3	
• Ellis property withdrawals processed		9
• Miscellaneous staff reports		7
• New or amended regulations prepared		13
• Litigation		11
• Officer of the Day requests responded to		625
• Vacancy rent increase matters		
<i>re-registration inquiries</i>	84	
<i>TORCA increase petition reviews</i>	60	
• Exemption cases written or reviewed		35
<i>owner-occupied</i>	26	
<i>single family dwellings</i>	7	
<i>non-rental</i>	2	
• Administrative Records prepared		6