

ORDINANCE NUMBER __ (CCS)

(City Council Series)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
SANTA MONICA ADDING SANTA MONICA MUNICIPAL CODE CHAPTER 4.25
REGARDING THE REGISTRATION OF RENTAL HOUSING UNITS NOT SUBJECT
TO LOCAL RENT CONTROL

WHEREAS, the State is experiencing a severe housing crisis that is driving the cost of living beyond the reach of an increasing share of the population; and

WHEREAS, the City has long been committed to ensuring that Santa Monica is an inclusive and affordable community despite mounting market pressures; and

WHEREAS, with approximately 70% of its residents in rental housing, the City has maintained a long-standing commitment to protecting tenants and existing rental housing stock; and

WHEREAS, increased demand for rental housing in the City, combined with rising housing costs across the region including as a result of the Palisades Fire, have made it increasingly difficult for those who live and work in Santa Monica to find rental housing that is available, affordable, and meets their needs; and

WHEREAS, Article XVIII of the City Charter, the City's Rent Control Law, was first adopted in 1979; and

WHEREAS, state restrictions on a local government's ability to regulate rents across tenancies or to apply rent control to buildings built after the adoption of a local law have substantially hobbled local jurisdictions' efforts to ameliorate the worsening affordable housing crisis; and

WHEREAS, as rent controlled units continue to be withdrawn from the rental market through the Ellis process and demolished and replaced with exempt units, the

balance continues to shift toward fewer controlled units; and

WHEREAS, as a result, a large number of rental housing units in the City are exempt from the protections of the City's Rent Control Law; and

WHEREAS, rental rates for market rate rental housing units within the City continue to increase even as the market rate housing supply grows; and

WHEREAS, Article XXIII of the Santa Monica City Charter, Housing Policies, adopted in 2010, provides, among other things, eviction protections for tenants living in multi-family rental housing units that are not subject to the City's Rent Control Law; and

WHEREAS, Santa Monica Charter Section 2305 authorizes the City Council to adopt ordinances, resolutions or regulations, and create any administrative mechanisms it deems necessary, to implement and effectuate the provisions of Article XXIII; and

WHEREAS, the City has adopted numerous tenant protection ordinances, including Santa Monica Municipal Code ("SMMC") Chapters 4.27 (Tenant Protection), 4.28 (Housing Anti-Discrimination), 4.36 (Tenant Relocation Assistance), 4.56 (Tenant Harassment), and 4.57 (Buyout Offers and Agreements), all of which the City is authorized to enforce; and

WHEREAS, these tenant protection laws serve important goals of promoting housing stability, combatting homelessness, and promoting general welfare and public health;

WHEREAS, SMMC Chapter 4.27 (Tenant Protection) prohibits landlords from engaging in self-help to force a tenant to vacate a rental unit and requires landlords to file with the City Attorney's Office all notices to terminate tenancies and unlawful detainer complaints whenever a landlord endeavors to evict a tenant from any rental housing unit in the City; and

WHEREAS, notwithstanding this requirement, landlords filed with the City Attorney's Office only 66 unlawful detainer complaints in all of 2023, while data from the LA County Superior Court indicated approximately 236 unlawful detainer cases were filed for Santa Monica properties in just 6 months in 2023, demonstrating significant non-compliance with SMMC Chapter 4.27's eviction reporting requirements; and

WHEREAS, SMMC Chapter 4.28 (Housing Anti-Discrimination) prohibits unlawful discrimination in rental housing, including on the basis of a tenant or prospective tenant's source of income, such as a housing voucher; and

WHEREAS, SMMC Chapter 4.36 (Tenant Relocation Assistance) requires landlords to pay tenants permanent relocation benefits when evicting for specified no-fault just cause reasons; and

WHEREAS, SMMC Chapter 4.56 (Tenant Harassment) prohibits bad faith harassment of tenants, which is often designed to drive tenants out of their units when there is no legal cause to evict a tenant, and can take the form of excessive rent increases, baseless attempts to evict tenants, retaliation, and other prohibited conduct; and

WHEREAS, SMMC Chapter 4.57 (Buyout Offers and Agreements) protects tenants from unwittingly relinquishing their tenancy rights for inadequate consideration by requiring landlords to disclose to tenants their rights not to enter into a buyout agreement, the right to rescind the agreement within 30 days, and the right to receive a minimum amount for a buyout payment, and to file all completed buyout agreements with the City; and

WHEREAS, the Tenant Harassment Code and the Buyout Offers and Agreements Code apply to tenants of units with just cause eviction protections under Articles XVIII

and XXIII of the City Charter; and

WHEREAS, the City is authorized to enforce violations of SMMC Chapters 4.27, 4.28, 4.36, 4.56, and 4.57, which requires knowing when tenants vacate units, the reasons for vacating units, and whether tenants are paying rent with housing vouchers—information that is not currently reported to the City for non-rent controlled units or maintained in a single database; and

WHEREAS, the Tenant Protection Act of 2019 (AB 1482), codified at Civil Code Sections 1946.2 and 1947.12 extended rent control protections to units that were issued a certificate of occupancy at least 15 years ago, subject to a number of exemptions, effective January 1, 2020; and

WHEREAS, as of April 1, 2024, Civil Code Sections 1946.2 and 1947.12 authorize the city attorney of any city to bring legal action to enforce the requirements of those provisions; and

WHEREAS, to enforce the protections of the Tenant Protection Act, the City must know which units are subject to the Act, the date of vacancy, rent amount charged, and the reasons why tenants vacate such units; and

WHEREAS, statewide rental housing price gouging protections, codified at Penal Code Section 396, limit rent increases during a declared state of emergency, generally disallowing increases above 10%; and

WHEREAS, the City is authorized to enforce these rental housing price gouging protections through misdemeanor prosecutions or, with approval from the Los Angeles County District Attorney, civil actions; and

WHEREAS, the efficacy of enforcement of Penal Code Section 396 depends on the City's ability to ascertain rents "advertised, offered, or charged," prior to the

declaration of a state of emergency; and

WHEREAS, the City enforces affordable housing deed-restrictions that ensure affordable rents in thousands of units in the City and such non-rent controlled deed-restricted affordable housing units constitute an ever-increasing proportion of the City's affordable housing stock; and

WHEREAS, there is no single, comprehensive database that includes all such deed-restricted affordable units and the income restrictions and rent limits for those units, to enable more effective monitoring and enforcement; and

WHEREAS, many rental properties are owned by business entities including corporations and LLCs, with some individuals or companies creating multiple separate entities to own individual properties; and

WHEREAS, effective enforcement of the City's and state's tenant protection laws and affordable housing deed restriction requirements depends on the City having complete and up to date information regarding the owners and managers of rental housing properties, to identify and hold the correct persons responsible for violations; and

WHEREAS, a registry of rental units not subject to the City's Rent Control Law and its registration requirements would facilitate enforcement of the SMMC Chapter 13.02 (Property Maintenance), SMMC Article 8 (Building Regulations, and related health and safety codes by enabling Code Enforcement Officers to readily identify the parties responsible for ensuring compliance with building codes and habitability of rental units to issue notices and citations to, and would facilitate identifying units at greater risk of violations by factors such as building age and rent levels; and

WHEREAS, enforcement of habitability standards protects tenants' health and safety and prevents landlords circumventing just cause eviction protections by neglecting

to maintain units to the point where tenants feel compelled to vacate; and

WHEREAS, requiring the registration of all units not subject to the Rent Control Law and its registration requirements would enable the City to better enforce tenant protections under SMMC Chapters 4.27, 4.28, 4.36, 4.56 and 4.57, as well as eviction protections under Charter Article XXIII, rent limits under the Tenant Protection Act, prohibitions on price gouging under Penal Code 396, and habitability standards; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Santa Monica Municipal Code Chapter 4.25 is hereby added to read as follows:

Chapter 4.25 REGISTRATION OF RENTAL HOUSING NOT SUBJECT TO ARTICLE XVIII OF THE CITY CHARTER

4.25.010 Purpose.

The Council finds and declares that requiring the registration of rental housing not subject to the City's Rent Control law and its registration requirements will assist the City in ensuring the tenant protections in Article XXIII (Housing Policies) of the Santa Monica City Charter, Chapters 4.27 (Tenant Protections), 4.28 (Tenant Relocation Assistance), 4.36 (Housing Anti-Discrimination), 4.56 (Tenant Harassment), and 4.57 (Buyout Offers and Agreements) of the Municipal Code, Sections 1946.2 and 1947.12 of the California Civil Code and Section 396 of the California Penal Code are followed and enforced; monitor and enforce affordable housing deed restriction requirements; and enable the City to gauge the effectiveness of these protections to protect tenants and promote housing stability.

4.25.020 Definitions.

For purposes of this Chapter, the following words or phrases shall have the following meanings:

“Owner” means any person who, alone or with others, has legal or equitable title to a rental housing unit. A person whose interest in a dwelling unit is solely that of a tenant, subtenant, lessee, or sublessee under an oral or written rental housing agreement shall not be considered an owner.

“Person” includes a natural person, joint venture, joint stock company, partnership, association, club, company, corporation, business trust, or organization of any kind.

“Property” means a parcel or lot that contains at least one rental housing unit as defined by this Section, or contiguous parcels or contiguous lots under common ownership that contain at least one rental housing unit as defined by this Section.

“Rent” means all periodic payments and all nonmonetary consideration including, but not limited to, the fair market value of goods or services rendered to or for the benefit of the landlord under an agreement concerning the use or occupancy of a rental unit and premises including all payment and consideration demanded or paid for parking, pets, furniture, subletting and security deposits for damages and cleaning.

“Rental housing agreement” means an agreement, oral, written or implied, between a landlord and tenant for use or occupancy of a rental unit and for housing services.

“Rental housing unit” means any dwelling space in the City that is not subject to Article XVIII of the City Charter, in which a tenant resides pursuant to a rental housing agreement. “Rental housing unit” includes all of the following when used as rental

housing, provided the unit is not subject to Article XVIII of the City Charter:

(1) A dwelling unit, as defined by Santa Monica Municipal Code Section 9.52.020, except that a dwelling unit for purposes of this Chapter may be less than three hundred seventy-five square feet in size;

(2) An accessory dwelling unit, as defined by Santa Monica Municipal Code Section 9.51.020(A)(1)(b);

(3) A junior accessory dwelling unit, as defined by Santa Monica Municipal Code Section 9.51.020(A)(1)(f); or

(4) A unit in single-room occupancy housing, as defined by Santa Monica Municipal Code Section 9.51.020(A)(1)(d)(ii).

4.25.030 Exemptions

The requirements of this Chapter shall not apply to the following:

(a) Hotels, motels, inns, tourist homes and rooming and boarding houses which are rented primarily to transient guests for a period of less than fourteen (14) days.

(b) Hospitals, convents, monasteries, extended medical care facilities, asylums, non-profit homes for seniors, or dormitories owned and operated by an institution of higher education.

(c) Rental housing units and properties which a government unit, agency or authority owns, operates, manages, or in which governmentally subsidized tenants reside only if applicable Federal or State law or administrative regulation specifically exempt such units from municipal control.

4.25.040 Mandatory registration of residential rental properties not subject to Article XVIII of the City Charter.

(a) For every property in the City, the owner(s) shall file with the City a property registration statement on the following occasions:

(1) annually by a date established by regulations adopted pursuant to Section 4.25.080; and

(2) within 60 days after a change in ownership or management of the property.

(b) The property registration statement required by subsection (a) shall be completed on a form provided by the City and shall include at a minimum the following information:

(1) Property address;

(2) Name, mailing address, email address, and phone number of every owner of the property;

(3) Name, mailing address, email address, and phone number of a person responsible for managing the property;

(4) Information relevant to determining whether the property and each rental housing unit is subject to Civil Code Sections 1946.2 or 1947.12, Article XXIII of the City Charter, or any affordable housing deed restriction;

(5) For each rental housing unit, the following information:

(A) complete address, including unit number or other unit specification;

(B) number of bedrooms;

(C) number of bathrooms; and

(D) whether the unit is tenant-occupied;

(6) For each rental housing unit at the property that is tenant-occupied, the

following information:

- (A) rent amount;
- (B) date tenancy began;
- (C) whether the tenant is paying rent with a housing voucher;
- (D) amenities provided;
- (E) whether utilities are paid for by owner or tenant and on a submeter or direct meter basis; and
- (F) when the prior tenant vacated the unit and why.

(7) Name of the natural person filing the property registration statement, and if not a person identified as an owner on the registration statement, evidence of authorization to file the registration statement on behalf of the owner(s);

(8) All other information as required by the City.

4.25.050 Issuance of property registration certificate.

(a) Within 30 days of receipt of a complete property registration statement and payment in full of any required property registration fees, the City shall issue to the owner a property registration certificate certifying compliance with the requirements of Section 4.25.040(a) of this Code. The property registration certificate shall expire at the time the next annual property registration certificate is issued or would be issued if an annual property registration statement is filed, or 31 days after a change in management or ownership if no updated property registration statement has been timely filed, whichever comes first.

(b) If, upon review of a filed property registration statement, the City determines that statement is not complete, the City shall issue a written notice of deficiency to the

owner. The owner shall have fifteen days after the City issues such notice of deficiency to file a complete statement without penalty.

4.25.060 Notice to tenants.

(a) For every property for which a property registration statement is required to be filed, the owner shall display in a conspicuous place at the property, or provide to the tenant of each rental housing unit on the property, a copy of the non-expired property registration certificate issued by the City.

(b) No owner shall demand or accept rent for a rental housing unit at a property for which a property registration statement is required to be filed without first complying with subsection (a). This subsection shall become effective January 1, 2027.

4.25.070 Property registration fee.

(a) A fee for the registration of property pursuant to this Chapter may be established by resolution of the City Council. Such fees are intended to recover the City's reasonable costs associated with the administration and enforcement of this Chapter and laws to protect tenants and promote housing stability. Fees shall be due at the time of filing a property registration statement and paid no more than once per year.

(b) Subject to subsections (c) and (d), an owner who has paid a property registration fee pursuant to this Chapter may pass through fifty percent of the fee to all tenants at the property, unless otherwise prohibited by any state, local, or federal law. The owner shall divide the fifty percent pass through fee equally among all rental housing units at the property for which pass through fee is permitted, whether vacant or occupied, and shall charge each tenant no more than one-twelfth of the rental housing unit's pass

through fee per month. Such pass through fee shall not be considered rent and shall be separately denominated on any rent ledger or tenant account balance statement.

(c) Notwithstanding the foregoing, no owner of a rental housing unit restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, may pass through any portion of the property registration fee to a tenant of such a restricted rental housing unit.

(d) No owner may pass through any portion of the property registration fee to a tenant without first complying with Section 4.25.060.

4.25.080 Administrative regulations.

The City Manager or designee may promulgate administrative regulations to implement the provisions of this Chapter, including but not limited to regulations related requiring additional relevant information to be provided on registration statements, registration deadlines, and the form of registration statements. No person shall fail to comply with any such regulations.

4.25.090 Remedies and penalties.

(a) It shall be an affirmative defense to an action by owner to recover possession of a rental housing unit subject to Article XXIII of the City Charter that, at the time the action was filed, the owner failed to comply with Section 4.25.060 of this Chapter.

(b) Any person who violates this Chapter shall be subject to injunctive relief and be liable to the City in a civil action for a civil penalty in the amount of two hundred dollars per unregistered rental housing unit per month, and reasonable attorneys' fees and costs

as determined by the court. The civil penalty amount may be adjusted upward by City Council resolution.

(c) Any person violating this Section shall be subject to administrative fines and administrative penalties pursuant to Chapter 1.09 of this Code.

(d) Any person who is convicted of violating this Chapter shall be guilty of an infraction, which shall be punishable by a fine not to exceed two hundred and fifty dollars, or a misdemeanor and upon conviction shall be punished by a fine of not greater than five hundred dollars or by imprisonment in the County Jail for not more than six months, or by both such fine and imprisonment.

(e) Failure to comply with the requirements of this chapter shall be considered a strict liability defense; accordingly, the prosecution shall not be required to prove criminal intent or that the violator meant to violate any provision of this Chapter.

(f) Any person convicted of violating any provision of this Chapter shall be required to reimburse the City its full investigative costs.

(g) Nonexclusive Remedies and Penalties. The remedies provided in this Chapter are not exclusive, and nothing in this Chapter shall preclude any person from seeking any other remedies, penalties, or procedures provided by law.

4.25.100 Effective date.

This Chapter shall become effective January 1, 2026, except Section 4.25.060(b) which shall become effective January 1, 2027.

SECTION 2. Any provision of the Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the

provisions of this Ordinance.

SECTION 3. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 4. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption. This Ordinance shall become effective 30 days from its adoption.

APPROVED AS TO FORM:

HEIDI VON TONGELN
Interim City Attorney