

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DAVE GOUIN
DIRECTOR OF HOUSING AND COMMUNITY SERVICES

SUBJECT: ADOPTION OF A JUST CAUSE FOR EVICTION ORDINANCE

AGENDA ACTION: ORDINANCE ADOPTION

RECOMMENDATION

It is recommended that the Council adopt an urgency ordinance requiring just cause for tenant evictions in the City of Santa Rosa that would take effect immediately upon adoption, or alternatively, that the City Council introduce an ordinance requiring just cause for tenant evictions in the City of Santa Rosa.

EXECUTIVE SUMMARY

The Council has initiated the development of a Rent Stabilization and Just Cause for Eviction program in Santa Rosa. This direction followed a review of rent stabilization programs in California, including options for the implementation of Mediation/ Arbitration, Just Cause for Eviction and Rent Stabilization in Santa Rosa. A presentation of these program options was made to the Council on January 26, 2016.

On March 31, 2016, the Rent Stabilization Council Subcommittee considered six tenant protection options, eventually recommending adoption of limited rent stabilization with a companion rent moratorium. The subcommittee also discussed several options for implementation to be considered by the City Council.

On May 3, 2016, the Council provided direction for a rent stabilization/just cause for eviction ordinance and directed staff to proceed with the ordinance. Council also directed staff to bring forward a moratorium on residential rent increases exceeding 3%, to prevent rent increases over this percentage while providing a fair and reasonable rate of return while the rent stabilization ordinance is drafted.

On May 10, 2016, The City Council adopted Ordinance Number 4063 imposing a 45 day moratorium on certain residential rent increases in the City of Santa Rosa.

AN ORDINANCE TO IMPOSE A MORATORIUM ON RENT INCREASES

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On July 7, 2016, the City Council adopted an urgency moratorium on certain residential rent increases in the City of Santa Rosa for a period of ninety (90) days to expire on October 4, 2016.

Since the adoption of the moratorium, Legal Aid has reported that they have received dozens of pleas for help from tenants facing what would be unlawful rent increases under the moratorium and proposed ordinance. The tenants are afraid of contesting such increases for fear of being evicted.

To address this issue, consideration and possible adoption of a Just Cause for Eviction ordinance is proposed in this report.

CITY COUNCIL GOALS

This work effort is included within Council Goal #1 Create a Strong, Sustainable Economic Base, Strategic Objective #2, Evaluate Housing Initiatives.

BACKGROUND

On September 1, 2015, a City Council Study Session was conducted on Rent Stabilization. During this study session, the City Council reviewed relevant State laws, considered market information and housing data, and considered other cities rental housing programs, policy options and future implications.

On October 20, 2015, the City Council awarded a contract to Management Partners to analyze policy and management options for the implementation of Mediation/Arbitration, Just Cause for Eviction and Rent Stabilization in Santa Rosa.

The Rent Stabilization Council Subcommittee ("Subcommittee") was established to oversee this research. Members of this Subcommittee include Vice Mayor Schwedhelm and Council Members Combs and Coursey. Four Subcommittee meetings have been held: November 9, 2015, December 7, 2015, January 4, 2016 and March 31, 2016.

On January 26, 2016, Management Partners presented its rent stabilization research and findings to the City Council.

On March 31, 2016, the Subcommittee met to consider six tenant protection options and made recommendations to the City Council regarding the next steps.

On May 3, 2016, the Council provided direction for a rent stabilization and just cause for eviction ordinance and directed staff to proceed with the ordinance. Council also directed the preparation of an ordinance to impose a temporary moratorium on rent increases over 3% while the rent stabilization ordinance is drafted.

On May 10, 2016, the City Council adopted Ordinance Number 4063 imposing a 45 day moratorium on certain residential rent increases in the City of Santa Rosa. The Moratorium restricted certain residential rent increases to not more than 3% in a cumulative twelve month period.

AN ORDINANCE TO IMPOSE A MORATORIUM ON RENT INCREASES
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On July 7, 2016, the City Council adopted an urgency moratorium on certain residential rent increases in the City of Santa Rosa, essentially extending the moratorium restricting certain residential rent increases over 3% in a cumulative twelve month period. The urgency moratorium is set to expire on October 4, 2016, unless extended by the City Council.

PRIOR CITY COUNCIL REVIEW

July 7, 2016 – Adoption of a ninety (90) day urgency moratorium on certain residential rent increases within the City of Santa Rosa

May 10, 2016 – Adoption of a 45 day moratorium on certain residential rent increases in the City of Santa Rosa

May 3, 2016 – Direction to Prepare Rent Stabilization Ordinance and Temporary Rent Moratorium Ordinance

January 26, 2016 – Study Session Rent Stabilization Options

October 20, 2015 – Contract award to Management Partners

September 1, 2015 – Study Session Rent Stabilization

ANALYSIS

1. Legal Aid Experience

Since the adoption of the rent moratorium, Legal Aid of Sonoma County has reported that they have received dozens of pleas for help from tenants facing unlawful rent increases under the moratorium. These tenants, however, are afraid of contesting such increases for fear of being evicted. There are currently no restrictions on evictions within the City of Santa other than what is provided by state and federal law. According to Legal Aid, some of these tenants have reported that their landlords have directly threatened to evict them if they assert their rights; in other instances Legal Aid suspects no cause evictions are being triggered to avert the rent restrictions.

As an entity attempting to help people uphold their rights under this and other laws, it is challenging for Legal Aid to assist them or even counsel them without just cause protections. Legal Aid believes that this loophole is leaving tenants vulnerable. They fear there will be more displacement without this provision which so customarily accompanies rent stabilization in other jurisdictions.

Based on this information, staff has determined that the lack of a just cause eviction requirement has put some tenants at risk of eviction by landlords seeking to increase rents in the face of the recently adopted moratorium on rent increases.

2. Purpose of Just Cause Eviction

The purpose of the just cause for eviction ordinance is to promote stability in the Santa Rosa rental housing market and limit adverse impacts on residential tenants displaced

and forced to find replacement housing in the expensive and limited Santa Rosa housing market. The regulations protect the rights of residential tenants by limiting grounds for their eviction and requiring landlords to provide a legitimate basis for any eviction. The rights conferred by these regulations are in addition to any provided in state or federal law.

City staff propose the adoption of a just cause for eviction ordinance ahead of the more comprehensive rent stabilization ordinance in order to more quickly provide tenant protections from evictions motivated by a desire to increase rents beyond the 3% annual cap put in place by the moratorium. The proposed just cause for eviction ordinance generally includes the causes for evictions identified by Council, though it is possible that additional or different provisions may be included in the comprehensive rent stabilization ordinance.

3. Cause for Termination of Tenancy

Pursuant to the proposed ordinance, a residential tenancy shall not be terminated, nor shall its renewal be refused, except for one or more of the following reasons:

- (a) Nonpayment of rent or habitual late payment of rent.
- (b) Violation of obligations of tenancy or under the lease.
- (c) Nuisance.
- (d) Illegal use of the rental-unit.
- (e) Refusal by the tenant to renew a lease on the same terms following expiration.
- (f) Refusal by the tenant to provide access for repair, inspection or potential sale or financing.
- (g) Correction of city code violations by the landlord or seeking to recover possession under order by any government agency.
- (h) Withdrawal of the rental-unit from the rental market by the landlord seeking to exit the rental business, as generally set forth under the Ellis Act.
- (i) The intent to occupy the rental-unit as a principal residence by the landlord or a relative of the landlord.

The proposed ordinance currently does not include the proposed capital improvements as a just cause for eviction even though staff understands that this was within the direction of the Council at its May 3, 2016 meeting. While it is anticipated that such an exception will be included in the more comprehensive rent stabilization and just cause

ordinance to be brought to Council on August 16, 2016, staff has concerns about including this justification for eviction without additional parameters in place for the protection of tenants. This justification has been used as a loop hole in other jurisdiction by some landlords seeking to avoid rent control measures.

4. Affirmative Defense

The ordinance requires the landlord to identify the reason for any eviction in the eviction notice required by state law. The tenant may raise any violation of, or noncompliance with, this ordinance as an affirmative defense in any legal action by the landlord to recover possession of the rental-unit.

FISCAL IMPACT

Since the just cause for eviction ordinance does not provide for enforcement, other than its use as an affirmative defense in private civil actions, there is no expectation of fiscal impact.

ENVIRONMENTAL IMPACT

The adoption and implementation of this ordinance are exempt from the provisions of the California Environmental Quality Act under section 15061(b)3 in that the Council finds there is no possibility that the implementation of this ordinance may have significant effects on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable.

ATTACHMENTS

- Ordinances (urgency and non-urgency)

CONTACT

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