

# PASADENA RENTAL BOARD

## MAY 8, 2024

Agenda Item No. 4: Policy Ad Hoc Report on Charter Amendments

# AGENDA ITEM NO. 4: PURPOSE

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- Receive a report from the Policy & Programs Ad Hoc Committee on recommended amendments to the Pasadena Fair and Equitable Charter Amendment (Article XVIII) and public comments on the report and provide feedback.

# BACKGROUND

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- Pasadena Fair and Equitable Charter Amendment went into effect on December 22, 2022
- Certain areas of Charter Amendment would benefit from further clarification or minor changes
- City of Pasadena is preparing certain technical amendments to the City Charter (unrelated to Article XVIII)
  - ▣ Will be submitted to voters during the November 5, 2024 General Municipal Election
- Board has expressed interest in addressing some minor changes to the Charter Amendment through this process

# BACKGROUND, CONT'D.

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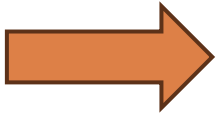
- At April 24, 2024 meeting, Board adopted purpose, procedures and timeline for the Charter amendment review/recommendation process

**SECTION 1801:** “The purpose of this Amendment is to promote neighborhood and community stability, healthy housing, and affordability for renters in Pasadena by regulating excessive rent increases and arbitrary evictions to the maximum extent permitted under California law, while ensuring Landlords a fair return on their investment and guaranteeing fair protections for renters, homeowners, and businesses.”

# BACKGROUND, CONT'D.

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1. Collect all suggested recommendations by April 12, 2024
2. Policy Ad Hoc Committee will review and draft report by April 23, 2024.
3. **Full Board review of the draft of Policy Ad Hoc Committee report at May 8, 2024 Board meeting.**
4. Full Board vote on final recommendation of Policy Ad Hoc Committee report at May 22, 2024 Board meeting.
5. Board's recommendations presented to City Council at June 3, 2024 City Council meeting
6. City Council vote on Board recommendations at June 17, 2024 City Council meeting



# BACKGROUND, CONT'D.

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- Established factors for the Board and Policy Ad Hoc Committee to apply to any recommended amendments:
  1. Seeks to replace language that was stricken as invalid by the court decision
  2. Seeks to clarify an area of ambiguity in the Charter Amendment that cannot be resolved via regulation
  3. Seeks to bring the requirements of the Charter Amendment into alignment with the existing practices of other City departments and/or the practical operations of the rental housing market
  4. Would reduce any of the following: (a) administrative burden; (b) financial costs; or (c) legal liability of the either or both the Board and/or the Department

# BACKGROUND, CONT'D.

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- Established mitigating factors to determine whether amendment's utility is undermined by its other impacts such as:
  5. Would likely make the Charter Amendment more difficult to enforce and/or implement
  6. Would have the effect of undermining, eliminating or fundamentally altering one or more material provisions of the Charter Amendment
  7. Would make it more difficult for the Board or the Department to regulate excessive rent increases and/or arbitrary evictions
  8. Would likely make it more difficult for the Board or the Department to ensure Landlord's a fair rate of return on their rental property
  9. Would increase any of the following: (a) administrative burden; (b) financial costs; or (c) legal liability of the either or both the Board and/or the Department

# AD HOC COMMITTEE REPORT

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- **RECOMMENDS** changes related to the following:
  - Rental registry deadline
  - Ellis Act notices and definitions
  - Relocation assistance disbursement schedule
  - Security deposit interest schedule
  - Government-subsidized tenant exemption
  - Removal of Board members
  - Board member compensation



# AD HOC COMMITTEE REPORT

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- Does **NOT** recommend the following suggested changes:
  - Expansion of tax credit property exemption
  - Addition of duplex exemption
  - Addressing “needed permits” issue in Section 1806(a)(10)
  - Expansion of Board contracting power
  - Clarification of self-certification of maximum lawful rent
  - Codification of definition of “Natural Person”
  - Codification of definition of “Mom and Pop Landlords”
  - Addition of Mission Statement
  - Housing Department collaboration
  - Adjudication of evictions
  - “Justice for Tenants” recommendations

# AGENDA ITEM NO. 4: RECOMMENDATION

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- Receive a report from the Policy & Programs Ad Hoc Committee on recommended amendments to the Pasadena Fair and Equitable Charter Amendment (Article XVIII) and public comments on the report and provide feedback.

# RENTAL REGISTRY SCHEDULE

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Revise Section 1812 as follows:

~~(b) **Date of Implementation.** The Rental Registry, online portal, and all forms necessary for their effective and efficient use shall be available and operational within one year of the effective date of this article.~~

~~(e)~~ (b) **Owner Information Submission.** All Owners of Property subject to registration must complete and submit a rental registry form for each such Property no later than 90 days after the Rental Registry becomes operational, and subsequently every following year, as established by regulation by the Rental Board ~~no later than April 1st.~~ In the event of any change in Property ownership, the new owner must register or update the Rental Registry within 30 days of the change of ownership.

# ELLIS ACT CLEAN-UP

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Revise Section 1806(a)(10) to read as follows:

**Withdrawal of the Unit Permanently from Rental Market.** To the extent required by California Government Code Section 7060 et seq., the Landlord may seek in good faith to recover possession to withdraw all Rental Units of an entire Property from the rental market. The Landlord first must have filed the requisite documents with the Rental Board initiating the procedure for withdrawing Rental units from rent or lease under California Government Code Section 7060 et seq. and all regulations passed by the Rental Board and/or the City Council of the City, with the intention of completing the withdrawal process and going out of the rental business or demolition of the Property. If demolition is the purpose of the withdrawal, then the Landlord must have received all needed permits from the City of Pasadena before serving any notices terminating a tenancy based on Subsection (a)(10) herein. Tenants shall be entitled to a minimum of 120 days notice or one (1) year in the case Tenants are defined as senior or Disabled as defined in California Government Code Section 7060 et seq. Notice times may be increased by regulations if state law allows for additional time.

# RELOCATION ASSISTANCE SCHEDULE

Revise 1806(b) to read as follows:

**Relocation Assistance.** A Landlord seeking to recover possession under Subsections (a)(8)—(11) above shall provide Relocation Assistance. The Landlord shall provide a minimum of fifty percent (50%) of the required Relocation Assistance within ten (10) days of service of any written notice of termination pursuant to Subsections (a)(8)—(11) to the Tenant(s). For any Tenant entitled to at least sixty (60) days' written notice pursuant to Civil Code Section 1946.1, the Landlord may elect to pay the remaining Relocation Assistance owed to a Tenant pursuant to this subsection to an escrow account no later than twenty-eight (28) days prior to the expiration of the written notice of termination, to be disbursed to the Tenant upon certification of vacation of the Rental Unit. The escrow account shall provide for the payment prior to vacation of all or a portion of the monetary relocation benefits for actual relocation expenses incurred or to be incurred by Tenant prior to vacation, including but not limited to security deposits, moving expense deposits and utility connection charges. For any Tenant entitled to at least sixty (60) days' written notice pursuant to Civil Code Section 1946.1, the Landlord may also disburse the remaining Relocation Assistance directly to the Tenant no later than twenty-eight (28) days prior to the expiration of the notice of termination. For any Tenant entitled to at least thirty (30) days' written notice pursuant to Civil Code Section 1946.1, the Landlord shall disburse the remaining Relocation Assistance directly to the Tenant at the time that the Tenant vacates the Rental Unit.

# SECURITY DEPOSIT INTEREST SCHEDULE

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Revise 1806(f)(1) to read as follows:

(1) The interest rate shall be based on the average of the interest rates on savings accounts paid on October 1 of the ~~previous year~~ in which the interest rate is adopted, by at least five Federal Deposit Insurance Corporation (FDIC) insured banks with branches in Pasadena. The Rental Board shall adopt the rate by ~~October 1~~ November 1 of each year. The interest rate established by the Rental Board shall be the rate in effect from January 1 through December 31 of the subsequent year.

# GOVERNMENT SUBSIDIZED TENANT EXEMPTION

Revise 1804(b) to read as follows:

...

Partially Exempt (Just Cause for Eviction Applies). The following Rental Units are exempt from Sections 1807, 1808, and 1809 of this Article (regarding Stabilization of Rents) and from Sections 1813 and 1814 (regarding Petitions for Individual Rent Adjustment), but are not exempt from Section 1806 (Just Cause for Eviction Protections):

...

(3) Rental Units leased to tenants assisted under the Section 8 program (42 U.S.C. Section 1437f) or the Shelter Plus Care Program (42 U.S.C. 11403 et. seq.) or similar federally funded rent subsidy program. However, the exemption from Sections 1807, 1808, 1809, 1813, and 1814 shall apply only for so long as the rent demanded does not exceed the authorized Payment Standard, which, for purposes of this subsection, is the maximum monthly rental assistance potentially available to an assisted household before deducting the household share of income paid for rent and utilities as established by the City of Pasadena Department of Housing or successor agency. For Rental Units where the rent demanded exceeds the Payment Standard, the Payment Standard or an initial rent above the Payment Standard if approved by the City of Pasadena Department of Housing, as reported to the Board by the City of Pasadena Department of Housing or successor agency, shall become the Rental Unit's Base Rent and the reference point from which the Rent shall be adjusted in accordance with Sections 1807, 1808, and 1809.

# REMOVAL OF BOARD MEMBERS

Revise 1811(d) to read as follows:

**Term of Office.** Rental Board members shall serve four (4) year terms, unless they are appointed to fill unexpired terms or are designated to fill a two (2) year term on the initial Board. Those members filling unexpired terms shall serve the remaining length of the unexpired term. Members may serve no more than eight (8) consecutive years. Member terms shall be staggered. Four (4) of the tenant appointees initially appointed shall serve for four (4) years; the terms of the remaining initial tenant appointees shall be two (2) years. Two (2) of the at-large appointees initially appointed shall serve for four (4) years; the terms of the remaining initial at-large appointees shall be two (2) years. The initial term for any alternate shall be for four (4) years. The City Council will appoint members to the Board with careful alacrity, taking care to ensure there are no unfilled Board seats. Tenant members of the Board may be recalled by the City Council if the City Council is presented with a petition signed by 10% of the qualified voters of the district from which the tenant was appointed and a majority of the City Council votes to recall the Tenant member. At-large members may be recalled by the City Council if the City Council is presented with a petition signed by 5% of the qualified voters of the City and a majority of the City Council votes to recall the at-large member. Any member of the Board may be recalled by the City Council upon petition by the Rental Board for repeated or significant violations of the Rental Board's Code of Conduct, which shall be established by the Rental Board by regulation. A petition of the Rental Board to remove a Board member must be approved by a majority of the Rental Board members in attendance at the meeting where the petition is voted on. No vote of the electorate will be required to recall a Board member.



# BOARD MEMBER COMPENSATION

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Revise 1811(j) to read as follows:

**Compensation.** Each member of the Rental Board may ~~shall~~ be compensated on an hourly basis for their time committed to Rental Board meetings, at the election of the Board member. The chairperson of the Board will record the length of each meeting, and all Board Members in attendance will be compensated accordingly. Board Members will be compensated for a maximum of twenty (20) hours per week. The hourly rate of compensation shall be equal to 2.5 times the Pasadena minimum wage.