



# Property Owner Workshop: City of Bell Gardens Rent Stabilization and Tenant Eviction Protections Ordinance (RSTPO)

# How did we get here?

- City Council
- Ad Hoc Committee
- Stakeholders and Public Input



# Rent Control vs. Rent Stabilization: What's the Difference?

- Rent control freezes rent payments so they can't increase
- Rent stabilization only allows rent payments to increase by a small percentage each year
- There are strict regulations you need to meet in order to qualify for one of these types of apartments



**Sage Singleton**

October 24, 2019

3 Minute Read

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Simply put, rent control and rent stabilization regulate apartment prices to protect tenants from unfair rent increases and to keep housing affordable for renters, while still allowing property owners to increase rent at a regulated, fair rate.

# Bell Gardens Housing

- Housing Stock
  - Approximately 9,984 housing units
  - ~ 10% built after 1995
- 77.8% of units are renter-occupied
  - 21.6% of rental properties are owner-occupied
- Newer units smaller in size for higher rents.
- Rents (HUD Metro and Small Area Fair Market Rents)
  - LA County FMR: \$1,384 to \$2,933
  - Bell Gardens FMR: \$1,240 to \$2,690

# What is the City of Bell Gardens Rent Stabilization and Tenant Evictions Protections Ordinance (RSTPO)?

- Local law that sets maximum annual rent increases and provides tenant protections from evictions for certain properties and tenancies.
- Provides a process for property owners to seek relief if rent is below fair market rates, for capital improvements pass-through and to petition for fair return.
- Effective October 12, 2022

# What types of properties are covered by rent stabilization?

- Applies to all residential rental properties in the City unless fall under one of exempt categories
- Does not apply to commercial properties
- Mostly applies to apartments and multi-family properties
- Does include mobile homes, mobile home park spaces, and ADUs



# What units are exempt from rent stabilization regulations?

- Specific Exemptions
  - Built after February 1, 1995
  - Single-family residence, condominium, townhomes – title separately alienable
  - Owner-occupied and up to three units
  - Affordable housing, care facilities, short-term accommodations (hotels, motels, etc.)
- Exemptions not automatic
  - Apply for exemption

# How much can rent be raised?

## The Maximum Allowable Rent (MAR) Increase:

Landlords may not increase rent by more than fifty percent (50%) of the change in CPI, or four percent (4%), whichever is **less**.

*No floor.*

### EXAMPLE:

CPI is 9% or higher, MAR = 4%

CPI is 8%, MAR = 4%

CPI is 6%, MAR = 3%

CPI is 4%, MAR = 2%

CPI is 2%, MAR = 1%

CPI is 0% or negative, MAR = 0%



# How are maximum allowable rent increases calculated?

## Base Rent:

Rent in effect on April 11 2022, or new tenancy, plus MAR.

## Consumer Price Index (CPI):

Percentage change in CPI for Los Angeles-Long Beach-Anaheim area over prior 12-month period ending April of each year.

Current CPI = 7.9%

**Current MAR = 4%**

- 7.9% x 50% rounded to nearest tenth of a percent

Effective as of November 1, 2022 - October 31, 2023

# Do other regulations apply to rent increases?

- Only one increase per year permitted
- May not “bank” unused portion
- Must provide 30-day notice prior to imposing rent increase
- Landlord may set initial rent for new tenancies

# What if rent is below market?

- Rent < 80% of “fair market rent” (FMR) for “comparable unit”, additional increase up to 3% may be allowed
- FMR based on most recently published HUD Small Area Fair Market Rents for 90201
- Example:
  - Two-bedroom unit base rent = \$1400
  - \$1880 FMR x 80% threshold = \$1,504
  - Total allowable increase:
    - \$1400 x 7% (4% plus 3% FMR increase) = \$98
  - New rent: \$1498 per month

The FY 2023 Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area Small Area FMRs for All Bedroom Sizes in ZIP Code 90201

FY2023 SAFMRs By Unit Bedrooms				
<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
\$1,300	\$1,480	\$1,880	\$2,440	\$2,680

# Can owners pass-through capital improvement costs?

- Landlord may pass-through 50% of CI costs to Tenants
  - At least five years useful life
  - Excludes regular maintenance, wear & tear
- Apply within 180 days of completion
- Department approval and notice required
- Cannot exceed 5% of rent (cost-amortization period may be extended)
- Approved CI pass-through not considered Rent for purposes of RSO. List as separate line item.

# What is a fair return petition?

- Owner has right to fair and reasonable return.
- Rebuttable presumption that Net Operating Income (NOI) earned base year plus MAR provides fair and reasonable return
- Landlord bears burden of proof –
  - comparison year vs base year (2019)
- Factors to be considered by Department:
  - Changes in CPI, rent increase history, +/- prop taxes
  - Landlord's rental property income/expenses
  - Physical condition of property, capital improvements, repair and maintenance,
  - +/- housing services,
  - Rental agreement
  - Landlord's compliance with Chapter
- Max increase cannot exceed 10%

# Can tenants be evicted for any reason?

- Landlord must have “Just Cause” grounds for eviction
  - For cause
  - No fault
- Eviction protections apply to all rental units in the City for any tenancies after 12 months

# What are at-fault reasons for evictions?

- Failure to pay rent
- Violate material term of lease
- Waste, nuisance, illegal purpose
- Failure to sign substantially similar lease
- Assign or sublet in violation of lease
- Refuse access for necessary repairs after notice
- Failure to vacate after termination of employment
- Failure to vacate after notice of intent to terminate

# What are no-fault reasons for evictions?

- Demolish unit
- Withdraw property permanently from rental market pursuant to state law (Ellis Act)
- Comply with government order
- Owner move-in: Landlord or family use as primary residence
  - Vulnerable groups (seniors, disabled, low-income, terminally ill) additional protections



# Do landlords need to provide tenants relocation assistance?

- All no-fault evictions eligible for relocation assistance
- Permanent displacement
  - 3 x monthly rent plus 1 month if “qualified tenant”
- Temporary displacement (repairs, unit untenable)
  - per diem or comparable accommodations

# What should landlords know about buy-out agreements?

- Owner pays tenant to vacate unit
- Provide disclosure notice of tenant rights:
  - Has right not to enter into buyout negotiations/agreement
  - May consult with attorney
  - May rescind agreement up to 30 days after signing
  - May contact Department for information
- Must be in language tenant understands
- Copy to tenant and Department

# What are retaliatory eviction and anti-harassment protections?

- Retaliation and harassment is prohibited
  - Cannot evict because Tenant exercises rights
- Landlord and agents **cannot**:
  - Fail to provide services that violate laws, lease
  - In bad faith, fail to do repairs, accept rent, ask for information that violates right to privacy
  - Abuse right of access
  - Try to influence tenant to vacate through misrepresentation, intimidation
  - Threaten tenant with physical harm or language to induce fear or provoke violence
  - Violate discrimination laws (race, gender, age)
  - Interfere with rights of tenants to organize

# Do owners have to register their rental unit(s) with the City?:

- Owners must register all units by September 30, 2023
  - After initial registration, update after new tenancy or change in tenancy or ownership
- Information required
  - Property, unit, tenant - year built, # of units, rent, bedrooms, housing services, commencement date

# Is there a fee to register rental unit(s) with the City?:

- Must pay annual fee for each registered unit
  - By September 30 each year
  - Fee set by Council resolution following fee study
  - Fee waived for owner-occupied property with up to four units
- Landlord may pass-through 50% of fee to tenant
- Other cities fees range \$28 - \$234/unit each year

# How is the RSTPO enforced?

- Department oversight authority
  - Establish procedures and guidelines
  - Rent board
- Admin Review, Citations and Appeals
  - Department decisions appealable to hearing officer
  - May seek judicial review

# Timeline/Key Dates

Effective Date ~ October 12, 2022 (30 days following adoption)

- Initial Implementation

Available  
October  
12th

- Release of Frequently Asked Questions
- Release of Petition Forms
- Interim Registry

Oct 2022 –  
Sept 2023

- RFP fee study
- Staffing
- Policies and procedures, updated forms, website
- Continue outreach and education (tenants and landlords)

- Administration

- Rent registry operational – by September 30, **2023**
- Rent fees established
- Ongoing administration and enforcement

# Tips and Resources

- Read the ordinance
- Follow procedures, noticing, disclosure requirements
- Maintain written records
- Reach out to City staff with any questions or concerns
- Seek legal counsel



# Tips and Resources (cont.)

- Fair Market Rent Documentation may be accessed through the HUD website:  
[https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023\\_code/2023zip\\_code\\_calc.odn?zcta=90201&metro\\_code=METRO31080MM4480&year=2023&hypo=hypo](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023zip_code_calc.odn?zcta=90201&metro_code=METRO31080MM4480&year=2023&hypo=hypo)
- CPI documentation can be found at:  
[https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_losangeles.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_losangeles.htm)
- Apartment Association of Greater Los Angeles (AAGLA) [www.AAGLA.org](http://www.AAGLA.org)
- City website [www.BellGardens.org](http://www.BellGardens.org)



# Q & A

