



## **CITY OF COMMERCE STAFF REPORT**

**TO:** The Honorable City Council

**Item No.** \_\_\_\_\_

**FROM:** City Administrator

**SUBJECT:** AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, ENACTING THE FOLLOWING MEASURES FOR A FORTY-FIVE DAY PERIOD: (1) A MORATORIUM ON RENT INCREASES ABOVE THE ANNUAL CPI ADJUSTMENT AND (2) TEMPORARY MEASURES PROTECTING RESIDENTS FROM EVICTIONS WITHOUT CAUSE; AND DIRECTING THE INTERIM CITY ADMINISTRATOR TO EVALUATE POTENTIAL PERMANENT RENT STABILIZATION MEASURES

**MEETING DATE:** November 3, 2015

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### **RECOMMENDED ACTION:**

1. Determine that there is no possibility that the adoption and implementation of the proposed Ordinance will not have a significant effect on the environment and that, therefore the Ordinance is exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15061, subdivision (b)(3) of Title 14 of the California Code of Regulations. The Ordinance is also exempt under sections 15378 and 15183.
2. Approve the interim urgency ordinance of the City Council of the City of Commerce, California enacting a forty-five day moratorium on the raising of rents (with limited exceptions) and temporary measures protecting residents from evictions without cause.
3. Direct the City Administrator to evaluate potential permanent rent stabilization measures.

### **BACKGROUND:**

Housing in California, and in particular Los Angeles, has become increasingly expensive for renters. In fact, rents have increased by approximately 25% in the last three years. Displacement through evictions and dramatic rent increases has a severely negative impact on persons and their surrounding communities. The results can include an inability

to find new housing within the same community; segregation of low-income persons into overcrowded, unhealthy, and unsafety housing situations; uprooting children from their schools; and other imposing threats, including the threat of homelessness.

A January street and shelter count performed by the County determined that L.A.'s homeless population grew by 23% last year to 58,000 people countywide, which coincides with rising rents during that period. A recent report by real estate firm Zillow found that 2,000 more people would be pushed into homelessness by a 5% rent hike – just over the 4.5% jump the company forecasts for L.A. next year.

The number of Commerce residents seeking rental housing has increased, while the supply has long been stagnant. To wit, though the City has approximately 13,000 residents (12,973 per U.S. Census Bureau, July 1, 2016), there are only approximately 3,588 housing units within the City, with sixteen percent (16%) of the City's population living below the poverty level. (U.S. Census Bureau, 2011-2015, five-year estimate.) Of the 3,498 occupied housing units in the City, 1,991 are rental units (56.9%) – meaning that the majority of residents are renters (U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates [hereinafter, "2011-2015 ACS"].) The vast majority of such units contain only one bedroom.

Of the 1,849 units being rented for which the U.S. Bureau has such statistics, 1,252 households are spending more than 25% of their household income on rent (68%), with 874 spending 35% or more on rent (47% of total renters). (U.S. Census Bureau, 2011-2015 ACS.) Furthermore, the rental vacancy rate in the City is estimated below two percent (2%), making available units a scarce commodity within Commerce. If displaced by inability to afford rent, many renters and the estimated 3.41 occupants per unit would not be able to find alternate housing in the City due to increasing rents and constricted rental market. (See U.S. Census Bureau, 2011-2015 ACS.) This creates a circumstance whereby landlords hold a disproportionate amount of leverage, leaving renters susceptible to dramatic rent increases.

Several residents have expressed frustration and concern regarding the affordability of housing in the City, and no demographic has been impacted by rising rents more than senior citizens. Seniors are particularly vulnerable to rent increases because they are typically on fixed incomes and may have decreased physical or mental capabilities. They are also more prone to predatory behavior and bullying by landlords.

### **ANALYSIS:**

Immediate emergency action by the City Council is necessary to address the housing affordability crisis in the City, as the health, safety, and welfare of many residents are in serious jeopardy. Section 65858 of the Government Code authorizes the City Council to approve an ordinance imposing a moratorium on certain actions without following the procedures otherwise required for the adoption of a land use ordinance where an "urgency

measure” is necessary “to protect the public safety, health, and welfare.” (Gov. Code, § 65858, subd. (a).) In such a case, a city may adopt an “interim ordinance prohibiting any uses that may be in conflict with a contemplated general plan, specific plan, or zoning proposal that the legislative body, planning commission or the planning department is considering or studying or intends to study within a reasonable time.” (*Id.*) The Council may adopt the ordinance imposing a 45 day moratorium without public notice if it approves the measure by four-fifths vote. (*Id.*)

Additionally, Government Code section 36937 authorizes the adoption of an urgency ordinance for "the immediate preservation of the public peace, health or safety," as long as the ordinance contains a declaration of the facts constituting the urgency and it is passed by a four-fifths ( 4/5) vote of the City Council.

The interim urgency ordinance will impose the following primary measures on all units held out for rent, but for those units exempted by the Costa-Hawkins Act:

- Rent increases above the CPI are prohibited; and
- Evictions without cause are prohibited.

On July 18, 2017, the Council held a workshop to discuss possible rent-stabilization measures in the City. The meeting was attended by both landlords and tenants. Therefore, landlords are on notice that the City is considering the adoption of rent stabilization measures. The Ordinance is necessary to limit excessive or exorbitant rent increases and prevent no-fault evictions by some landlords who are anticipating a rent stabilization measure. Such actions by landlords would compromise the intent and purpose of any potential future regulation and substantially impair its effective implementation. In light of the moratorium on rent increases, landlords may also attempt to serve notices to terminate certain tenancies without cause, thereby displacing many tenants in Commerce who, because of a critically low vacancy rate, will be compelled to find housing elsewhere and at higher rents. The interim urgency measure will prevent such actions by landlords.

In the meantime, the Council will continue to evaluate and study permanent measures to address the circumstances underlying this ordinance. This will include possible extra protections for senior citizens, as well as a determination as to the scope and extent of a permanent ordinance.

A city may extend the interim ordinance for 10 months and 15 days and subsequently for one year if it provides public notice and a public hearing pursuant to section 65090 of Government Code. (Gov. Code, § 65858, subd. (a).) Only two extensions are permissible and the Council must approve each by four-fifths vote. Such extension require legislative findings that “there is a current and immediate threat to the public health, safety, or welfare and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a

zoning ordinance would result in that threat to public health, safety, or welfare.” (Gov. Code, § 65858(c).)

Ten days prior to the expiration of the interim ordinance or any extension, the Council “shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of the ordinance.” (Gov. Code, § 65858(d).). Subdivision (e) states that any interim ordinance or extension “shall automatically terminate and be of no further force or effect upon the termination of the first interim ordinance or any extension of the ordinance.” (Gov. Code, § 65858(e).) Thus, the City cannot extend an “urgency measure” unless it does so prior to the expiration of the ordinance. Nevertheless, Staff will seek to evaluate the foregoing issues as quickly as possible.

#### **ALTERNATIVES:**

1. Approve Staff recommendation;
2. Deny Staff recommendation; or
3. Provide Staff with further direction.

#### **FISCAL IMPACT:**

There is no fiscal impact from this activity.

#### **RELATIONSHIP TO STRATEGIC GOALS:**

This agenda report relates to the 2012 strategic planning goal: “*Protect and Enhance the Quality of Life in the City of Commerce.*”

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