



CITY OF COMMERCE STAFF REPORT

TO: The Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: AN ORDINANCE OF THE CITY OF COMMERCE, CALIFORNIA, EXTENDING INTERIM ORDINANCE NO. 689, WHICH ENACTED A MORATORIUM ON RENT INCREASES ABOVE THE ANNUAL CPI ADJUSTMENT AND TEMPORARY MEASURES PROTECTING RESIDENTS FROM EVICTIONS WITHOUT CAUSE, FOR ONE YEAR, OR UNTIL THE TIME A PERMANENT ORDINANCE ADDRESSING RENT CONTROL IN COMMERCE GOES INTO EFFECT

MEETING DATE: March 20, 2018

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 Ordinance, thereby extending the moratorium on the raising of rents (with limited exceptions) and temporary measures protecting residents from evictions without cause, for a period of one year, up to March 20, 2018.
3. Direct the City Administrator to continue to evaluate potential permanent rent stabilization measures and to return with a proposed ordinance as soon as possible.

BACKGROUND:

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. Government Code section 65858 also authorizes the City Council to approve an ordinance imposing a moratorium on certain land uses without

following the procedures otherwise required for the adoption of a zoning ordinance where the ordinance is justified “to protect the public safety, health, and welfare, may adopt as an urgency measure 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.” (Gov. Code, § 65858, subd. (a).)

On August 15, 2017, the City Council passed Ordinance No. 689 entitled “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.” In addition to findings set forth in the recitals, Ordinance No. 689 made the following legislative findings:

- A. The Council has been provided with information upon which the findings and actions set forth in this ordinance is based, including staff reports, public testimony, and documentary evidence at the July 18, 2017 and August 15, 2017 City Council meetings.
- B. Allowing landlords to raise rents by 3% within a twelve month period allows them a fair and reasonable return on their investments.
- C. The City needs a temporary emergency ordinance to mitigate the harms of escalating rent increases while the City Council completes its deliberations over permanent reforms.
- D. If this temporary moratorium were not imposed and effective immediately, the public health, safety, and welfare would be threatened because landlords in the City may increase rents or evict tenants paying low rent in order to avoid the housing protection policies being considered by the City, thereby undermining the purpose and intent of purpose of any potential future regulation that the City may adopt as a result of the aforementioned studies, and substantially impair its effective implementation.
- E. The City Council is concerned that the current housing policies, as written, may not be compatible with the purpose and intent of the City’s General Plan and Zoning Code, which seek to provide all residents with sound, safe, decent, and affordable housing, and to protect the health, safety, and welfare of all City residents. As such, the City Council wishes to consider proper regulations to address the circumstances giving rise to this Ordinance, including, but not limited to amendments to the General Plan and the Commerce Municipal Code.

- F. This Ordinance is consistent with the City's General Plan, as preventing excessive rent increases prevents displacing of certain residents and seeks to avoid decreases to the affordable housing stock in the City.

Based on the legislative findings and recommendation of staff, all of the City Councilmembers voted to pass the Ordinance.

ANALYSIS:

On September 19, 2017, the City Council issued a written report describing the measures taken to alleviate the conditions which led to the adoption of Ordinance No. 689. By that time, City staff had undertaken, and continues to undertake, a number of actions to address the condition which led to Ordinance No. 689, including but not limited to the following: several internal meetings to discuss the most appropriate rent stabilization and housing protection measures; conducted research regarding measures enacted by numerous cities and counties in California in order to assess the effectiveness of steps taken in other jurisdictions; further assessed relevant statistics to determine the extent of the issues precipitating the Ordinance in order to inform the scope and intent of any forthcoming legislation; evaluated the General Plan to determine the extent to which the current housing policies are inconsistent therewith, and considered possible amendments to the General Plan; and drafted potential legislation addressing rent stabilization and housing protections.. These intensive processes are ongoing. Then, on September 29, 2017, an Ordinance was adopted that extended the moratorium imposed via Ordinance No. 689 for a period of 120 days. Despite efforts to finalize a recommendation on this matter to City Council, another extension is needed to complete staff's work.

The City has determined that a permanent solution is necessary. It is not acceptable that a large portion of Commerce residents are unable to afford rental housing, or that they forego other necessities of life, such as food and clothing, in order to afford rent. In considering permanent measures, staff is considering the following options, among others:

- (1) Prohibiting landlords of non-exempt residential properties from charging rents in excess of the rates established by the forthcoming legislation, and prohibiting more than one increase in rent per year. The ultimate cap on the rate is still being studied;
- (2) Pre-eviction protections, such as extensions to comply with eviction notices, pre-eviction mediation, and compliance filings with the City;
- (3) "Just cause" for eviction, and clear definition as to what would constitute "just cause";
- (4) Post-eviction protections, including extended periods before a Sheriff's notice to vacate is issued;
- (5) Extra protections for seniors and low-income residents;

(6) Penalties for non-compliance; and

(7) Enforcement.

The facts giving rise to Ordinance No. 689. are still present at this time. Staff will persist in its studies in order to continue to seek solutions to alleviate the conditions which led to the moratorium. Given staff's current workload and the processes required to perform the above tasks, as well as the need to review and evaluate the various legal and legislative options available, staff is not ready at this time to submit a specific proposal to the Council. In order to have adequate time to fashion and propose appropriate regulations, and to ensure that the current and immediate threat to the public safety, health and welfare continues to be forestalled until adequate regulations are in place, staff recommends extending the moratorium for a period of one year.

On March 6, 2018, the City Council issued another written report again describing the measures taken to alleviate the conditions which led to the adoption of Ordinance No. 689. On March 9, 2018 the City published notice that on March 20, 2018, it would "conduct a public hearing to consider another extension. The proposed ordinance extending the interim urgency ordinance is not subject to the California Environmental Quality Act (Public Resources Code §21000, et seq.) ("CEQA") because it "will not result in a direct or reasonably foreseeable indirect physical change in the environment" and is not a "project" under CEQA section 15378. CEQA section 15060(c) (2)-(3). The proposed ordinance is exempt from CEQA because "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." CEQA section 15061(b) (3). Additionally, the proposed ordinance is a regulatory action taken by the City pursuant to its police power and in accordance with Government Code section 65858 to assure maintenance, enhancement and protection of the environment pending the evaluation and adoption of potential local legislation, regulation, and policies, and is therefore exempt from CEQA. CEQA section 15308.

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.

Prepared by: Matt Marquez, Deputy Director of Development Services

Recommended by: Maryam Babaki, Director of Public Works and Development Services

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Administrator