

ORDINANCE NO. 689

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 THREE PERCENT AND (2) TEMPORARY MEASURES PROTECTING RESIDENTS FROM EVICTIONS WITHOUT JUST CAUSE

WHEREAS, 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; and

WHEREAS, 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; and

WHEREAS, a January 2017 street and shelter count performed by the County determined that Los Angeles' homeless population grew by 23% last year to 58,000 people countywide, which coincides with rising rents during that period. A recent study 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 Los Angeles next year; and

WHEREAS, 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 (*Id.*); and

WHEREAS, of the 1,849 units being rented for which the U.S. Bureau has such statistics, 1,025 households in the City are spending more than 30% of their household income on rent (55%), 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. (See *id.*) 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 *id.*) This creates a circumstance whereby landlords hold a disproportionate amount of leverage, leaving renters susceptible to dramatic rent increases; and

WHEREAS, 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; and

WHEREAS, sections 36934, 36937, and 65858 of the Government Code authorize a city to adopt, as an urgency measure, an interim ordinance for the immediate preservation of the public peace, health, safety, or welfare without the

procedures otherwise required prior to the adoption of a zoning ordinance. 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.” (Gov. Code, § 65858, subd. (a).) Ordinances adopted under section 36937 of the Government Code must contain a declaration of facts constituting the urgency; and

WHEREAS, an urgency ordinance requires a 4/5 vote of the Council for adoption. Any ordinance adopted pursuant to section 65858 of the Government Code shall be of no further force and effect forty-five (45) days from its adoption. However, such ordinances may be extended pursuant to the procedures set forth in section 65858; and

WHEREAS, this urgency ordinance will impose the following primary measures on all units held out for rent, except for exceptions specified herein: (1) rent increases above three percent (3%) are prohibited and (2) evictions without just cause are prohibited; and

WHEREAS, the average CPI in 2017 for all items less food and energy for Los Angeles, Riverside, and Orange County is 2.3%. (Bureau of Labor Statistics, July 2017 News Release.) The 3% limit set by this ordinance is an increase beyond the CPI. The Council finds and determines that limiting any rent increase to 3% allows landlords to receive a just and reasonable return while providing necessary protections to renters; and

WHEREAS, on July 18, 2017, the Council held a public workshop to discuss possible rent-stabilization measures in the City. The meeting was properly noticed and attended by both landlords and tenants. During the workshop, the City Council made it known that the City is considering the adoption of rent stabilization measures; and

WHEREAS, this 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 just 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; and

WHEREAS, the City’s General Plan sets forth a Housing Element that requires the City to “provide all residents with sound, safe, decent, and affordable housing” by, among other things, ensuring “the highest possible quality of living for all social and economic groups.” (Sections 1.5, 5.3.) The City’s mission to ensure the availability of affordable housing is replete throughout its General Plan, including but not limited to section 5.1.2 (Purpose and Authority of Housing Element), 5.4.1.5 (Conservation of Existing Affordable Housing Units), and 5.4.2.3 (Low Income Housing Program); and

WHEREAS, the City is experiencing a housing affordability crisis that requires immediate emergency action by the City Council. Excessive rent increases threaten the health, safety, and welfare of City residents, including seniors, those on fixed incomes, those with low to moderate income, and those with special needs, to the extent that such persons may be forced out of their housing or choosing between paying rent over the basic necessities of life; and

WHEREAS, in light of the concerns noted herein, the Council has determined that it is in the immediate interest of the City to adopt this Ordinance in order to forestall negative consequences of exorbitant rent raises and evictions without just cause, and allow staff to, among other related tasks, proceed with a comprehensive study considering regulations to protect affordable rental housing options within the City, and bring forward regulations that may include, for example, rent stabilization, policies requiring just cause for eviction, mediation for rental disputes, and increased notice periods for seniors; and

WHEREAS, it is the intent of the City Council to consider and possibly to adopt permanent rent stabilization and other tenant protections, within a reasonable period of time. The City Council is currently considering policy proposals and housing protection regulations in order to adopt successful policies. This Ordinance will provide the City with time to assess and address the potential impacts and suggest possible amendments to the zoning code as well as study any forthcoming proposal.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMMERCE DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. CEQA Findings

The City Council hereby finds that it can be seen with certainty that there is no possibility that the adoption and implementation of this Ordinance will have a significant effect on the environment. This Ordinance is therefore exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations ("CEQA Guidelines"). This Ordinance is also exempt because it prevents excessive rent increases that might otherwise decrease affordable housing stock in the City and is consistent with the City's General Plan and zoning program. (CEQA Guidelines, section 15183.) Furthermore, this ordinance is exempt because it is not a project, but an administrative action that will not result in direct or indirect physical changes to the environment. (CEQA Guidelines, section 15378.)

Section 2. Legislative Findings.

The above recitals are true and correct and are fully integrated herein as findings and declarations of facts constituting urgency. Said recitals taken together constitute the City Council's statements of the reasons constituting the necessity and urgency for this Ordinance.

Furthermore, to the extent not stated above, the Council finds as follows:

- 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.

Section 3. Interim Ordinance Enacted; Direction to Staff.

This Ordinance is only effective for forty-five (45) days, unless properly extended under the Government Code or until such time as the City adopts permanent regulations relating to rent stabilization, just cause for eviction, or other tenant protection policies, whichever occurs first. The following measures shall be imposed on all rental units, unless exempted by Section 3 below, for the pendency of this Ordinance.

- (1) No landlord, or anyone on a landlord's behalf, may increase rental rates in any multi-family residential unit governed by this Ordinance by more than 3% per twelve month time period;
- (2) No landlord, or anyone on a landlord's behalf, may evict a tenant without just cause. "Just cause" shall include, but is not limited to, failure to pay rent, a substantial breach of a material term of the rental agreement, and nuisance.

During the pendency of this Ordinance, Staff is directed to study the issues giving rise to this Ordinance, and to evaluate potential permanent policies to address deficiencies in the City's regulations, including a refined assessment of the scope and extent of the problem, possible further measures to protect seniors, rent stabilization, requiring just cause for eviction, mediation for rental disputes, and increased notice periods for seniors. Staff will then present a proposal within a reasonable amount of time.

Section 4. Exemptions.

The following are exempt from the moratorium established under this urgency ordinance: (1) units that were issued a certificate of occupancy after February 1, 1995; (2) units that are separately alienable from the title of any other dwelling (single-family homes and condominiums); (3) accommodations in motels, hotels, inns, tourist houses, rooming houses, and boarding houses, provided that such accommodations are not occupied by the same tenant for thirty (30) or more days; (4) commercial units; (5) housing accommodation in any hospital, convent, monastery, extended care facility,

convalescent home, nonprofit home for the aged, or dormitory operated by an educational institution; (6) government-owned housing units; (7) housing units whose rents are controlled, regulated (other than by this Chapter), or subsidized by any governmental unit, agency or authority; (8) any other units exempt pursuant to the Costa-Hawkins Act (California Civil Code Section 1954.50 *et seq.*), or any other applicable state or federal law; (9) multi-family residential building where three or less units are held out for rent; and (10) any legal rent increase for which a notice to the tenant was properly given before July 17, 2017. This Ordinance does not regulate the rent at which a unit is offered at the outset of a new tenancy.

Section 5. Authority.

This Ordinance is authorized by pursuant to the City of Commerce's police powers, Section 7 of Article XI of the California Constitution, and sections 36934, 36937, and 65858 of the Government Code.

Section 6. Violations of this Ordinance.

Violations of the provisions of this Ordinance will result in the same penalties applicable to land use violations that are prescribed in the Commerce Municipal Code.

Section 7. Severability.

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

Section 8. Extension.

Extensions of this Ordinance are permitted if the requirements are met under 65858 of the Government Code.


Section 9. Certification.

The City Clerk shall certify to the adoption of this Ordinance and shall cause the same to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED this 15th day of August 2017.


Oralia Rebollo, Mayor

ATTEST:


Lena Shumway, City Clerk

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ABSTAIN: Councilmembers: None

Posted: August 25, 2017

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