

ORDINANCE NO. 736

AN ORDINANCE OF THE CITY OF CUDAHY, CALIFORNIA ADDING CHAPTER 5.13 "RENT STABILIZATION" TO TITLE 5, BUSINESS LICENSES AND REGULATIONS OF THE CUDAHY MUNICIPAL CODE RESTRICTING RENT INCREASES AND ESTABLISHING OTHER REGULATIONS APPLICABLE TO CERTAIN COVERED RESIDENTIAL RENTAL UNITS IN THE CITY

WHEREAS, the City of Cudahy ("City") is a general law city, incorporated under the laws of the State of California; and

WHEREAS, pursuant to its police power, the City may enact and enforce laws within its boundaries that promote the public health, safety, or general welfare of the community, and are not in conflict with general laws; and

WHEREAS, cities across Los Angeles County and throughout the State of California are experiencing a housing shortage and affordability crisis; and

WHEREAS, per the U.S. Department of Housing and Urban Development (HUD), in 2023 the median monthly rent for a two-bedroom apartment in Los Angeles County is \$2,222, representing an 8.7% increase over the following year; and

WHEREAS, per the U.S. Census Bureau, the median household income in the City is \$47,050, compared to \$76,367 in Los Angeles County; and

WHEREAS, according to the City's Housing Element 2021-2029 ("Housing Element") approximately 85% of households in the City are renter occupied. Of the renter-occupied households, 56.3% are rent burdened, paying more than 30% of gross income on housing; and 10.2% are severely rent burdened, paying more than half of gross income on housing; and

WHEREAS, with high housing costs, low incomes and critical affordable housing shortages, many residents in the City struggle to pay for housing and meet other basic needs such as food, clothing, transportation and healthcare; and

WHEREAS, housing instability has been associated with other disruptive effects on vulnerable populations such as overcrowding, poorer health, and negative educational outcomes for children; and

WHEREAS, widespread housing insecurity and rent burdened households leads to heightened risk of displacement and homelessness, and threatens the public health, safety, and welfare of City residents; and

WHEREAS, the City Council of the City of Cudahy ("City Council") formed an Ad Hoc Committee (the "Ad Hoc Committee") at the City Council meeting of July 19, 2022,

to analyze and study the issue of rent control and to formulate legislative or other appropriate recommendations for City Council consideration; and

WHEREAS, on September 20, 2022, the City Council adopted Ordinance No. 725 that went into effect on October 19, 2022, to temporarily restrict rent increases for certain residential properties while the City studied the issue of rent control; and

WHEREAS, on January 17, 2023, the City Council adopted Urgency Ordinance No. 731 extending the temporary rent freeze for covered units to allow more time to study and analyze the issue; and

WHEREAS, on April 11, 2023, City staff provided an update to the City Council on the Ad Hoc Committee's efforts and the City Council directed staff to prepare a rent stabilization ordinance and a tenant eviction protections ordinance for future consideration by the City Council. The City Council also adopted Urgency Ordinance No. 735 further extending the temporary rent freeze for covered units to allow time for the ordinance to be prepared and considered; and

WHEREAS, on May 16, 2023, the City Council received public testimony and an update from staff, and provided further direction regarding consideration of a rent stabilization ordinance and a tenant eviction protections ordinance; and

WHEREAS, on May 19, 2023, the City Clerk posted a Notice of Public Hearing in accordance with the City's public notice requirements regarding adoption of an ordinance adding Chapter 5.13 "Rent Stabilization" to Title 5 of the Cudahy Municipal Code ("Municipal Code") restricting rent increases and establishing other regulations applicable to certain covered residential rental units in the City; and

WHEREAS, on May 30, 2023, the City Council heard public testimony under Agenda Item No. 5A regarding adoption of an ordinance adding Chapter 5.13 "Rent Stabilization" to Title 5 of the Municipal Code, restricting rent increases and establishing other regulations applicable to certain covered residential rental units in the City; and

WHEREAS, the California Tenant Protection Act of 2019 (the "Tenant Protection Act") went into effect on January 1, 2020. Among other provisions, the Tenant Protection Act limits rent increases for rental properties subject to the Act to five percent plus the percentage change in the consumer price index up to a maximum of 10% (Civil Code Section 1947.12); and

WHEREAS, the Mobilehome Residency Law ("MRL"), California Civil Code sections 798, et seq., expressly authorizes cities to regulate the setting and/or increasing of rents for the use and occupancy of a mobile home space, subject to certain exceptions; and

WHEREAS, the Costa-Hawkins Rental Housing Act, California Civil Code section 1954.50, et seq., ("Costa-Hawkins Act") limits the applicability of local rent stabilization

policies, including prohibiting local jurisdictions from applying rent control to certain residential rental properties; and

WHEREAS, based on the foregoing, for the preservation of public health, safety, and general welfare of the community, the City Council finds that it is in the interest of the City, residential property owners, residents and community as a whole that the City adopt policies to support affordable housing in the City, including rent stabilization regulations that protect residents from unconstrained rent increases, while recognizing the need for owners of residential real property to receive a fair return; and

WHEREAS, this Ordinance intends to comply with the Tenant Protection Act, the MRL, the Costa-Hawkins Act and all other applicable state laws.

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

SECTION 1. Findings. The Recitals above are true and correct and incorporated herein by reference.

SECTION 2. Chapter 5.13 is hereby added to Title 5 of the Cudahy Municipal Code in its entirety as shown on Exhibit "A", attached hereto and incorporated by reference herein.

SECTION 3. Inconsistent Provisions. Any provision of the Cudahy Municipal Code or appendices thereto that conflicts with the provisions of this Ordinance, to the extent of such conflict and no further, is hereby repealed or modified to the extent necessary to implement the provisions of this Ordinance.

SECTION 4. Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance, or any part thereof, is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause, or phrase would be subsequently declared invalid or unconstitutional.

SECTION 5. Compliance with California Environmental Quality Act. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act pursuant to Section 15060(c)(2), constituting an activity that will not result in a direct or reasonably foreseeable indirect physical change in the environment, and pursuant to Section 15060(c)(3) constituting an activity that is not a project as defined in Section 15378.

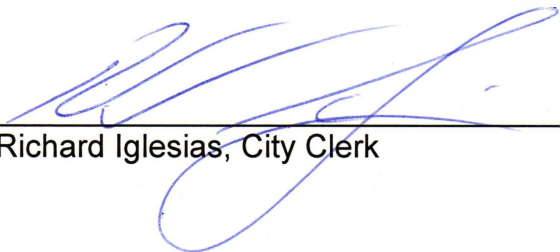
SECTION 6. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law. This Ordinance shall become effective thirty (30) days after the date of its adoption.

PASSED, APPROVED, AND ADOPTED this 6th day of June 2023.



Daisy Lomeli, Mayor

ATTEST:



Richard Iglesias, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF CUDAHY)

I, Richard Iglesias, City Clerk of the City of Cudahy, hereby certify that the foregoing Ordinance No. 736 was introduced for a first reading on the 30th day of May 2023 and approved for a second reading and adopted by said Council at its regular meeting held on the 6th day of June 2023 by the following vote, to-wit:

AYES: C. Gonzalez, Fuentes, Alcantar, and Lomeli
NOES: None
ABSENT: J. Gonzalez
ABSTAIN: None

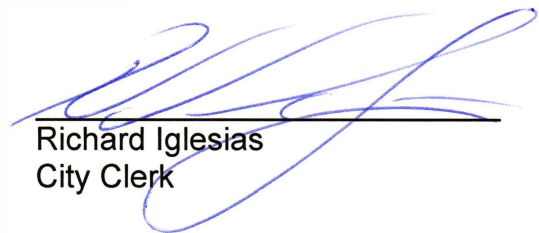

Richard Iglesias
City Clerk

EXHIBIT "A"

Cudahy Municipal Code

Title 5 - Business Licenses and Regulations

Chapter 5.13 – Rent Stabilization

Article I. Title, Purpose, Definitions and Applicability

- 5.13.010 Title
- 5.13.020 Purpose
- 5.13.030 Definitions
- 5.13.040 Applicability

Article II. General Provisions

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- 5.13.060 Capital Improvement Pass-Through Cost Recovery
- 5.13.070 Landlord Fair Return Petition for Rent Increase
- 5.13.080 Tenant Petition for Adjustment
- 5.13.090 Security Deposits
- 5.13.100 Rental Unit Registration
- 5.13.110 Notices to Tenants

Article III. Administration and Enforcement

- 5.13.120 Enforcement
- 5.13.130 Administrative Review and Appeals
- 5.13.140 Administrative Citations
- 5.13.150 Remedies
- 5.13.160 Waiver
- 5.13.170 Severability

Article I. Title, Purpose, Definitions and Applicability

5.13.010. Title

This Chapter shall be known as the rent stabilization ordinance of the city.

5.13.020. Purpose.

- A. The purpose of this Chapter is to protect tenants from excessive rent increases and to promote long-term stability and certainty for tenants in the rental market while providing landlords an ability to receive a fair return on their rental property.
- B. This Chapter regulates rents for certain tenancies. It requires landlords to register rental units, establishes an administrative petition process, and provides for procedures and guidelines for the implementation of this Chapter.

5.13.030. Definitions. For the purposes of this Chapter, unless the context requires otherwise, the following definitions shall apply:

- A. **"Base Rent"** means the Rent charged for a Rental Unit in effect on April 11, 2022, when the City Council declared its intent to regulate rent for residential properties in the City, or at the initiation of the Tenancy, whichever is later, plus any rent increase allowed thereafter pursuant to this Chapter.
- B. **"Capital Improvement"** means the addition, substantial repair or replacement of any improvements to dwelling units, buildings, or common areas, which materially adds to the value of the property, appreciably prolongs its useful life or adapts it to new uses, and which is the same type of improvement as those allowed to be amortized over the useful life of the improvement in accordance with the Internal Revenue Code and its regulations and as specified in Section 5.13.060. Capital Improvement does not include normal or routine maintenance or repair or repairs covered by insurance.
- C. **"City"** means the City of Cudahy.
- D. **"Code"** means the City of Cudahy Municipal Code.

- E. **“Consumer Price Index”** or **“CPI”** means the Consumer Price Index for all urban consumers of the Los Angeles-Long Beach-Anaheim, California area, published by the U.S. Department of Labor, Bureau of Labor Statistics, or any successor designation of that index that may later be adopted by the U.S. Department of Labor.
- F. **“Covered Rental Unit”** means any Rental Unit that is not designated as exempt pursuant to Section 5.13.040 of this Chapter.
- G. **“Department”** means the Community Development Department of the City of Cudahy, or other Department designated by the City Council to administer the provisions of this Chapter.
- H. **“Director”** means the Director of the Department, or their designee.
- I. **“Hearing Officer”** means the person designated by the city manager or designee to conduct a review hearing and decide petitions and appeals under this Chapter.
- J. **“Housing Services”** means all services provided by the Landlord related to the use or occupancy of a Rental Unit, including, water, heat, utilities, insurance, maintenance, repairs, painting, elevator service, laundry facilities, janitorial service, refuse removal, furnishings, window shades and screens, parking, storage, security services, recreational areas, right to have specified number of tenants or occupants, allowing pets, communications technologies (internet, cable and satellite services), and any other benefit, privilege or facility that has been provided by the Landlord to the Tenant with use or occupancy of a Rental Unit. Housing Services to a Rental Unit shall include a proportionate part of services provided to common facilities of the building or residential complex in which a Rental Unit is contained.
- K. **“Landlord”** means an owner, lessor, sublessor, or any other person entitled to offer any Rental Unit for Rent or entitled to receive Rent for the use and occupancy of a Rental Unit, and the agent, representative, or successor of any of

the foregoing. "Landlord" includes an owner of a Mobilehome Park and its agent, representative, or successor.

- L. "**Mobilehome**" means any mobilehome as defined under California Civil Code Section 798.3.
- M. "**Mobilehome Park**" means an area of land located where two or more Mobilehome spaces are rented or leased out for Mobilehomes used as residences.
- N. "**Rent**" means the sum of all periodic payments and all nonmonetary consideration demanded or received by a Landlord from a Tenant for the use or occupancy of a Rental Unit, including Tenant's access to and use of Housing Services. Rent includes, without limitation, the fair market value of goods accepted, labor performed, or services rendered. Rent does not include any of the following: security deposits, utility charges billed separately to the Tenant by the utility company, and pass-through fees and charges authorized pursuant to this Chapter.
- O. "**Rental Agreement**" means an agreement, oral, written, or implied, between a Landlord and Tenant for the use or occupancy of a Rental Unit and related Housing Services.
- P. "**Rental Unit**" means any dwelling unit, as defined under California Civil Code section 1940 subsection (c) located in the jurisdictional boundaries of the City of Cudahy and that is used or occupied for human habitation in consideration of payment of rent, whether or not the residential use is legally permitted, including Mobilehomes rented by the owner of the Mobilehome, and accessory dwelling units. "Rental Unit" also means a Mobilehome Park space located in the jurisdictional boundaries of the City of Cudahy.
- Q. "**Residential Real Property**" includes any parcel of land containing one or more dwelling units intended for human habitation.

- R. **“Service Reduction”** means any decrease or diminution in the level of Housing Services provided by the Landlord on or after the effective date of this Chapter, including but not limited to, services the Landlord is required to provide pursuant to:
1. California Civil Code section 1941 et. seq.;
 2. The Landlord's implied warranty of habitability, which cannot be contractually excluded or waived;
 3. A Rental Agreement between the Landlord and the Tenant; and
 4. The level of service as implied by the condition of improvements, fixtures, and equipment, and their availability for use by the Landlord at the time of execution of the Rental Agreement between the Landlord and the Tenant.
- S. **“Tenancy”** means the lawful right or entitlement of a Tenant to use or occupy a Rental Unit. This includes a lease or a sublease.
- T. **“Tenant”** means a tenant, subtenant, lessee, sublessee, or any other person entitled, under the terms of a Rental Agreement to the use or occupancy of any Rental Unit.

5.13.040. Applicability.

- A. This Chapter shall apply to all Rental Units within the jurisdictional boundaries of the City, unless expressly exempt pursuant to any provision of this Chapter or State or federal law.
- B. Exemptions. The following are specifically exempt from the provisions of this Chapter:
1. Any dwelling unit that has a certificate of occupancy or equivalent permit for residential occupancy issued after February 1, 1995.
 2. Any dwelling unit that is alienable separate from the title to any other dwelling unit, including single family residences, condominiums and townhomes, but excluding Mobilehomes offered for rent by the owner of

the Mobilehome, or is a subdivided interest in a subdivision, as specified in California Business and Professions Code Section 11004.5 (b), (d) or (f).

3. Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low or moderate income, as defined in Health and Safety Code section 50093, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low or moderate income, as defined in Health and Safety Code section 50093 or comparable federal statutes, but excluding any dwelling unit for which a Landlord receives federal housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937 line 9 (42 U.S.C. Sec. 1437f).
4. Residential Real Property containing no more than two (2) Rental Units in which the owner occupies one of the units as the owner's principal place of residence since the beginning of the Tenancy, so long as the owner continues in occupancy. For purposes of this subsection:
 - a. The term "owner" means a natural person who owns at least a 25% ownership interest in the Residential Real Property.
 - b. An exemption under this subsection shall expire by operation of law when the owner ceases to reside on the property as their principal place of residence.
5. Accommodations in hotels, motels, inns, tourist homes and boarding houses, and rooming houses, or other facilities, for which the City has received or is entitled to receive payment of transient occupancy tax pursuant to Chapter 3.32 of the Code (Transient Occupancy Tax) and California Civil Code section 1940 subdivision (b).

6. Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly (as defined in Health and Safety Code Section 159.2), or any other facility licensed by the State to provide medical care for residents.
- C. Application for Rental Unit Exemption. Any person with an ownership interest in a Rental Unit may claim an exemption from this Chapter by filing with the Department an application of exemption on a form approved by the Department.

Article II. General Provisions

5.13.050. Permitted Rent Increases for Covered Rental Units.

- A. A Landlord shall not increase the Rent for a Covered Rental Unit by more than the change in CPI, or three percent (3%), whichever is lower.
- For purposes of this Section, “change in CPI” means the percentage change in the Consumer Price Index over the previous 12-month period ending in March of each year.
- B. A Landlord shall not impose more than one (1) Rent increase for a Covered Rental Unit in any 12-month period, calculated from the date the Rent increase takes effect, unless otherwise permitted pursuant to this Chapter.
- C. The Department shall announce the annual maximum allowable Rent increase effective as of July 1 of the same year, in accordance with the Department’s procedures and guidelines.
- D. A Landlord may impose an annual Rent increase for any Covered Rental Unit, as allowed in this Section, only after providing at least thirty (30) days written notice to the Tenant of the Rent increase pursuant to California Civil Code section 827.
- E. A Landlord may impose an annual Rent increase only upon registering the Rental Unit with the City and paying any required annual registration fees pursuant to Section 5.13.100, and maintaining compliance with State and local laws and requirements.

- F. A Landlord who does not impose a Rent increase or imposes only a portion of the permitted Rent increase in any twelve month period, as provided in this Section, waives that annual Rent increase or the remaining portion of that permitted annual Rent increase for the remainder of the Tenancy. A Landlord shall not bank any waived and/or unused portions of permitted annual Rent increases for use in future years.
- G. This Chapter does not supersede a Landlord's right to set the initial Rent for new tenancies under State law.
- H. A Tenant of a Covered Rental Unit subject to this Chapter shall not enter into a sublease that results in a total Rent for the Rental Unit that exceeds the allowable Rent authorized by this Section. Nothing in this Chapter authorizes a Tenant to sublet or assign the Tenant's interest where otherwise prohibited.
- I. A Tenant may refuse to pay a Rent increase which is in violation of this Chapter. Such refusal to pay the unallowed increased amount in excess of permitted Rent charges shall be an affirmative defense in any action brought to recover possession of a Rental Unit or to collect the Rent increase owed.

5.13.060. Capital Improvements Pass-Through Cost Recovery.

- A. A Landlord may pass-through 50% of Capital Improvement costs to existing Tenants in Covered Rental Units in accordance with the provisions of this Section.
- B. Capital Improvements must be for the primary benefit, use and enjoyment of Tenants, cost-factored, and amortized over a useful life of at least five (5) years, and permanently fixed in place or relatively immobile and appropriate to the use of the rental property.
- C. Capital Improvements eligible for pass-through cost recovery include, but are not limited to:
 - 1. The addition, but not the replacement, of the following improvements to a Rental Unit or common areas of the building in which the Rental Unit is

located: air conditioning, security gates and other security items, swimming pool, sauna or hot tub, fencing, children's play equipment permanently installed on the premises, and other similar improvements as determined by the Department.

2. Replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit pursuant to State or local law.
 3. Abatement of hazardous materials, such as lead-based paint, mold or asbestos, in accordance with applicable federal, State, and local laws.
- D. Capital Improvements cannot include regular maintenance or repairs from wear and tear, or be the result of a Landlord's failure to perform regular maintenance and repairs, or repairs covered by insurance.
- E. Application Process.
1. A Landlord must apply to the Department for recovery of Capital Improvement costs, on a form approved by the Department, within twelve (12) months from the date of completion of the Capital Improvement.
 2. The Capital Improvement cost recovery application must contain the following information, and be accompanied by copies of relevant supporting documentation:
 - a. A description of the completed Capital Improvement;
 - b. A copy of all estimates, contracts, bills, invoices, and other documentation reasonably necessary to establish the cost of the Capital Improvement;
 - c. The proposed amortization period to be used based on the Department's procedures and guidelines, if the period differs from sixty (60) months;

- d. A list of Tenants that will be affected by or benefit from the Capital Improvement;
 - e. The formula used to calculate the pro rata share of each Tenant;
 - f. The monthly cost to each affected or benefiting Tenant;
 - g. The commencement and completion dates of the Capital Improvement; and
 - h. Such other information as the Department may reasonably request.
 3. Within five (5) calendar days after submission of the application with the Department, the Landlord shall serve each affected Tenant with notice of the application via personal service or certified mail return receipt requested. The notice must include a copy of the application.
 4. Within ten (10) calendar days after submission of the application, the Landlord shall file with the Department a proof of service signed under penalty of perjury stating that a copy of the application was served upon the affected Tenant(s). Such proof of notice is required before the application will be reviewed by the Department.
- F. A Landlord may not pass-through costs of Capital Improvements to Tenants until the Department approves the Landlord's application and the Landlord registers each affected Rental Unit and pays any required annual registration fees pursuant to Section 5.13.100.
- G. No pass-through cost-recovery shall be approved in an amount that would exceed five percent (5%) of the Rent in effect at the time the pass-through application is filed with the Department. If the total amount of calculated pass-through costs would result in an increase that exceeds five percent (5%), the pass-through cost amortization period may be extended beyond the established amortization period to allow the Landlord to recover eligible Capital Improvement costs while not exceeding the maximum increase authorized by this subsection.

- H. A Landlord shall provide written notice of an approved pass-through cost to Tenants in accordance with California Civil Code section 827 and the notice shall be delivered at least thirty (30) days before the approved pass-through cost takes effect.
- I. The approved pass-through cost should appear as a separate line item on a Rent statement along with the end date of the amortization period and any remaining pass-through balance. An approved pass-through cost is not considered Rent for purposes of this Chapter.
- J. Pass-through cost recovery applications will be considered and determined by the Director in accordance with guidelines and procedures established by the Department; and the Director's determination may be appealed to a Hearing Officer in accordance with the procedures set forth in Section 5.13.130.

5.13.070. Landlord Fair Return Petition for Rent Increase.

- A. Landlord's Fair Return Application for Rent Increase. A Landlord may file a fair return petition ("Application for Rent Increase") with the Department to request an increase in Rent for a Covered Rental Unit, beyond that which is otherwise permitted under Sections 5.13.050, if the Landlord contends, in good faith, that they are not receiving a fair and reasonable return on the Landlord's investment from the allowable Rent increases under Sections 5.13.050, in accordance with the provisions of this Section.
 - 1. Presumption. It shall be a rebuttable presumption that the annual net operating income earned by a Landlord, and Rent increases allowed under Sections 5.13.050, provide the Landlord with a fair and reasonable return on the investment. A Landlord shall have the burden to prove the necessity of any additional Rent increase necessary to earn a fair and reasonable return.

2. Nothing in this Section shall be interpreted to authorize a Rent increase for a Covered Rental Unit in excess of the amount authorized pursuant to California Civil Code section 1947.12.
- B. Approval of the Landlord's Application for Rent Increase may become effective only after all of the following:
1. A Landlord has provided written notice to the affected Tenant of the approved Rent increase for the Covered Rental Unit in accordance with California Civil Code section 827; and
 2. A Landlord has registered each affected Rental Unit in the rental property, and is current on payment of registration fees, pursuant to Section 5.13.100.
- C. Review and Approval of Application for Rent Increase.
1. The Department shall consider the following factors, as well as any other relevant factors, in reviewing the Application for Rent Increase and making its determination, and no one (1) factor shall be determinative:
 - a. Changes in the CPI.
 - b. The rental history of the affected Covered Rental Unit(s) and the rental property, including the Base Rent and pattern of past Rent increases or decreases.
 - c. Increases or decreases in property taxes.
 - d. The history or any prior hearings or determinations on an application for Rent increase by Landlord.
 - e. The addition of Capital Improvements on the rental property.
 - f. The physical condition of the affected Covered Rental Unit(s) and building, including the quantity and quality of maintenance and repairs performed during the preceding twelve (12) months, as well

as the long-term patterns of operating, maintenance, and Capital Improvement expenditures.

- g. The need for repairs caused by circumstances other than ordinary wear and tear.
- h. Any increase or decrease of Housing Services since the last Rent increase.
- i. Any existing Rental Agreement lawfully entered into between the Landlord and the Tenant.
- j. A decrease in net operating income.
- k. A fair and reasonable return on the building prorated among the Rental Units in the building.
- l. If Landlord received Rent in violation of this Chapter or has otherwise failed to comply with this Chapter.

2. The Director may approve or deny an Application for Rent Increase and make the following determinations, with written findings in support thereof, in compliance the provisions of this Chapter:

- a. The Department determines the Rent increase in the amount requested by Landlord is necessary and appropriate to ensure the Landlord receives a fair and reasonable return on the Landlord's investment, and will not cause an undue financial burden on the affected Tenant.
- b. The Department determines a lesser Rent increase than the amount requested by Landlord more appropriately ensures a fair and reasonable return on the Landlord's investment and will not cause an undue financial burden on the affected Tenant.

- c. The Department determines no additional Rent increase is necessary and appropriate to ensure the Landlord receives a fair and reasonable return on the Landlord's investment.
 3. Nothing in this Section shall be interpreted to authorize a Rent increase for a Covered Rental Unit in excess of the amount authorized pursuant to California Civil Code section 1947.12.
 4. The Department's decision may be appealed to a hearing officer, in accordance with the procedures set forth in Section 5.13.130.
- D. Notices Upon Filing Application for Rent Increase. Within five (5) calendar days after submission of an Application for Rent Increase with the Department, the Landlord, at their own expense, shall provide written notice of said application to each affected Tenant via personal service or certified mail return receipt requested.
- E. Submittal to Department of Application for Rent Increase. Upon receipt of an Application for Rent Increase, the Department shall review and evaluate whether there should be a Rent increase in accordance with this Section and the Department's procedures and guidelines.
 1. The application shall be on a form approved by the Department, signed under penalty of perjury, and must be accompanied by an application fee, if any, and must include the following:
 - a. The specific Rent increase or adjustment requested;
 - b. Copies of any books, records, papers, or other financial information relevant to the review of the application; and
 - c. Other documentation reasonably required by the Department relevant to the application.
 2. Application Fees. The Department may set a reasonable application fee to be paid by the applicant at the time of the filing based on the

administrative expenses incurred in reviewing and processing the application.

3. The Department shall have the authority to deem an application complete.
- F. Right of Assistance. All parties to an Application for Rent Increase may seek assistance from attorneys or any other person designated by said parties.
- G. Consolidation. Applications for Rent Increase pertaining to Tenants in the same building or rental property may be consolidated for determination at the election of the Department.

5.13.080. Tenant Petition for Adjustment.

- A. Tenant Application for Adjustment. A Tenant of a Covered Rental Unit may file a petition for adjustment (“Application for Adjustment”) with the Department for its determination, if the Tenant contends, in good faith, that they should receive an adjustment to their monthly obligation(s) because of a Landlord's potential violation(s) of this Chapter. A Tenant must file an Application for Adjustment within one hundred eighty (180) days from the date the Tenant knew, or reasonably should have known, of the Landlord's potential violation(s), in accordance with the provision of this Section.
1. Unlawful Rent and/or Fees or Charges. A Tenant may file an Application for Adjustment with the Department due to a Landlord's demand for Rent, fees, or other charges that may be in excess of that permitted for a Covered Rental Unit under this Chapter.
 2. Failure to Maintain Habitable Premises. A Tenant may file an Application for Adjustment with the Department to request a refund of, or decrease in, Rent proportional to a Landlord's potential failure to maintain the Covered Rental Unit as a habitable premise in accordance with applicable laws or the Rental Agreement.

- a. A Landlord shall not be liable to a Tenant for failure to maintain habitable premises if the Tenant caused the condition that is the subject of the application.
 - b. Prior to filing an Application for Adjustment for failure to maintain habitable premises, a Tenant shall file a complaint with the proper enforcement agency and provide such proof of complaint filing to the Department.
 3. Decrease in Housing Services. A Tenant may file an Application for Adjustment with the Department for a Service Reduction in Housing Services, without a corresponding reduction in Rent, which may be considered an increase in excess of permitted Rent.
- B. Prior to filing an Application for Adjustment with the Department, a Tenant shall:
1. Provide written notice to Landlord identifying the potential violation(s) of excess Rent, fees or charges, failure to maintain habitable premises and/or decrease in housing services; and
 2. A reasonable opportunity for the Landlord to correct the issues.
- C. Review and Determination of Application for Adjustment. The Department shall consider the following factors, as applicable, as well as any other relevant factors, in making its determination and no one (1) factor shall be determinative.
1. Increases or decreases in Rent or Housing Services since the effective date of this Chapter.
 2. The pattern of recent Rent or Housing Service increases or decreases.
 3. Whether the Landlord has received payment in excess of the maximum allowable Rent, fees, or charges permitted by this Chapter or has otherwise failed to comply with this Chapter.
 4. When and how the Service Reduction was first identified by the Tenant and when and how the Landlord was notified of the alleged Service

Reduction, orally, or in writing, and Landlord's response to such notice and whether Housing Services were reinstated or restored by the Landlord, and if so, when and how.

5. Whether any habitability violations stated by the Tenant in the application was improved or corrected, and if so, when and how.
 6. The status of the habitability issues as of the date the application is signed.
- D. Notice upon Filing Application for Adjustment. Within five (5) calendar days after submission of an Application for Adjustment with the Department, the Tenant shall provide written notice of said application to the Landlord via personal service or certified mail return receipt requested.
- E. Submittal to Department of Application for Adjustment. Upon receipt of an application, the Department shall review and evaluate whether there should be an adjustment to Tenant's monthly obligations in accordance with this Section and the Department's procedures and guidelines.
1. The application shall be on a form approved by the Department, signed under penalty of perjury, and must be accompanied by an application fee, if any, and must include the following:
 - a. The specific adjustment requested and the basis for such adjustment;
 - b. Copies of any books, records, papers, or other financial information relevant to the review of the application; and
 - c. Other documentation reasonably required by the Department relevant to the application.
 2. Application Fees. The Department may set a reasonable application fee to be paid by the applicant at the time of the filing based on the administrative expenses incurred in reviewing and processing the application.

3. The Department shall have the authority to deem an application complete.
- F. Right of Assistance. All parties to an Application for Adjustment may seek assistance from attorneys or any other person designated by said parties.
 - G. Consolidation. Applications for Adjustment for Tenants who live in the same building or rental property may be consolidated for determination at the election of the Department.

5.13.090. Security Deposit.

- A. Landlord may not demand or receive a security deposit, however denominated, in an amount or value in excess of the security deposit charged or received at the initiation of the Tenancy.
- B. As used in this Section, security deposit means any “security” as defined in California Civil Code section 1950.5.

5.13.100. Rental Unit Registration.

- U. On or before July 1, 2024, and by July 1 of each subsequent year, a Landlord must register with the Department each Rental Unit that is rented or available for Rent for a term exceeding thirty (30) consecutive days by filing a rental registration in a form approved by the Department. After initial Rental Unit registration, a Landlord shall notify the Department and update the rental registration within thirty (30) days of the start of a new tenancy or any subsequent change in tenancy or ownership.
- V. Registration must include, but is not limited to, the following information:
 1. Property information, including address, year built and certificate of occupancy date.
 2. Rent for each Rental Unit in the rental property at the time of registration and the date and amount of the last Rent increase.
 3. Ownership information for the rental property.

4. The number of total Rental Units in the rental property.
5. The number of bedrooms and bathrooms for each Rental Unit.
6. Tenant information, including names and move-in dates.
7. A description of Housing Services.
8. Any additional information reasonably required by the Department to implement this Chapter.

W. Registration Fee. A Landlord must pay an annual registration fee for each Rental Unit as established by resolution of the City Council. Such fees are intended to recover the City's reasonable costs to implement, administer and enforce its rent stabilization and tenant eviction protection regulations as set forth in Chapter 5.13 and Chapter 5.14 of the Code. The registration fee established by this subsection shall be waived for any Rental Unit in a Residential Real Property containing four (4) or fewer dwelling units in which the owner occupies one of the units as the owner's principal place of residence, so long as the owner continues in occupancy. For purposes of this subsection:

1. The term "owner" means a natural person who owns at least a 25% ownership interest in the Residential Real Property.
2. A waiver under this subsection shall expire by operation of law when the owner ceases to reside on the property as their principal place of residence.

X. Registration Fee Pass-Through. A Landlord may recover fifty percent (50%) of a registration fee from the Tenant. A Landlord may only collect one annual registration fee pass-through cost at a time and must also meet the following requirements to pass-through this registration fee:

1. Timely and accurately submits an annual registration for each Rental Unit in the rental property;

2. Lists the registration fee pass-through cost as a separate line item on the monthly obligation(s) statement;
3. Provides Tenant with thirty (30) days' notice before collecting any registration fee pass-through cost; and
4. A Tenant's payment to the Landlord for the registration fee pass-through cost is paid in twelve (12) equal, monthly installments, unless otherwise agreed to by the Tenant.

5.13.110. Notices to Tenants.

A. Mandatory Notices to Tenants. Landlords must provide to each Tenant, prior to, or at the time of agreeing to rent or lease a Covered Rental Unit, a notice of Tenant rights under this Chapter. The Department shall publish a form notice of Tenant rights in English and other frequently spoken languages. Landlords must provide the form notice in the following circumstances.

1. When entering into a Rental Agreement, by including a copy of the form notice as an exhibit or attachment to the written Rental Agreement;
2. When renewing a Rental Agreement; and
3. When providing notice of a Rent increase or decrease in a Covered Rental Unit

B. Notice Regarding Potential Pass-Through Costs and Fees. A Landlord shall include language in the Rental Agreement that Tenant may be subject to pass-through costs and fees that have been reviewed and approved by the Department.

C. If the Rental Agreement is negotiated or written in a language other than English, the Landlord must also provide the form notice of Tenant rights in English and the language in which the Rental Agreement was negotiated or written.

Article III. Administration and Enforcement

5.13.120. Enforcement.

- A. Enforcement Authority. The Department is authorized to take appropriate steps it deems necessary to administer and enforce this Chapter.
- B. The Director of the Department, or designee, may develop and publish procedures and guidelines to aid in the implementation of this Chapter.

5.13.130. Administrative Review and Appeals.

- A. Administrative Review.
 - 1. The Department shall review and evaluate applications pursuant to this Chapter and issue a notice of decision in accordance with its procedures and guidelines.
 - 2. The Department may request documents, interview witnesses and affected parties, and gather necessary evidence to review and make appropriate conclusions and findings.
- B. Appeal. Any party dissatisfied by the Department's final decision pursuant to this Chapter may request an appeal of the Department's decision to a Hearing Officer, unless otherwise prohibited by this Chapter. The Department's administrative record shall be reviewable by the Hearing Officer.
- C. Time Limit. A party must file an appeal in writing before the Department within thirty (30) of the Department's final decision. The Hearing Officer shall have no authority to consider matters not filed within thirty (30) days of the Department's final decision.
- D. Filing of Appeals. An appeal shall be filed with the Department, on the prescribed form, along with any accompanying appeal fee, and shall state specifically the basis of the appeal.
- E. Procedures for Appeals.
 - 1. Hearing Dates. A hearing on a request for appeal will be scheduled before a Hearing Officer for a date no sooner than fifteen (15) days and no later

than sixty (60) days after receipt of the request for appeal and proof of service, unless the Hearing Officer determines that good cause exists for an extension of time. Upon setting the hearing date, the Hearing Officer shall send written notice to the appealing party of the date, time and place set for the hearing. Within five (5) calendar days of receipt of the notice of hearing, the appealing party shall deliver a copy of the notice to each affected Tenant or Landlord, as applicable, via personal service or certified mail return receipt requested.

2. Public Hearing. The appeal hearing shall be conducted at a hearing open to the public. At the hearing, the Hearing Officer shall review the record of the decision and hear testimony of the party requesting the appeal, representatives of the Department, and any other interested party. The Hearing Officer may continue the hearing and request additional information from the Landlord or Tenant before issuing a written decision. The Hearing Officer shall have the power to issue orders to keep order and decorum during the hearing.
3. Application and Materials. At an appeal hearing, the Hearing Officer shall consider only the administrative record that was the subject of the Department's final decision.

F. Decision and Notice.

1. After the hearing, the Hearing Officer shall either:
 - a. Affirm, modify, or reverse the Department's decision and specify the reasons for its decision; or
 - b. Refer the matter back to the Department for further review.
2. Decisions shall be rendered within thirty (30) days of the close of the hearing. If the Hearing Officer fails to act within thirty (30) days of the close of the hearing, the Department's decision shall be deemed affirmed.

- G. The Hearing Officer shall mail the Hearing Officer's decision to the affected parties within ten (10) days after it is rendered.
- H. Final decision. The decision of the Hearing Officer shall be final and not subject to further appeal.
- I. Judicial Review of Hearing Officer Decision. Any person directly aggrieved by an administrative decision of a Hearing Officer pertaining to a request for appeal of a Director's decision under this Chapter, may seek judicial review in the Court pursuant to Government Code Section 53069.4 and/or Code of Civil Procedure Sections 1094.5 and 1094.6.

5.13.140. Administrative Citations.

- A. Administrative Citation. Any Landlord or Tenant who violates any provision of this Chapter, or Department's procedures and guidelines, is subject to administrative fines and citations as provided in Chapter 1.40 of the Code.
- B. Remedies are Cumulative. Each day that a violation continues shall constitute a separate and distinct offense for which an administrative fine may be imposed. The remedies set forth in this section are cumulative and in addition to any other penalty provided by law, including any remedies which may be sought in a civil action. The provisions of this Chapter shall not be construed as limiting any party's right to obtain relief to which he or she may be entitled at law or in equity.
- C. Notices of Violation and Administrative Fine. If the Department determines that a Landlord or Tenant has violated this Chapter, the Department may issue notices of violation and administrative fines and citations in accordance with the authority and procedures set forth in Chapter 1.40 of the Code.
- D. Administrative Appeals and Judicial Review.
 - 1. Administrative Appeal. Any Landlord or Tenant who receives a notice of administrative fines or citations may request an administrative hearing before a hearing officer in accordance with Chapter 1.40 of the Code.

2. Judicial Review of Hearing Officer Decision. Any Landlord or Tenant may seek judicial review of a hearing officer's decision pertaining to the imposition of an administrative fine or citation in accordance Chapter 1.40 of the Code.

5.13.150. Remedies.

- A. Civil Liability. Any Tenant, or any other person or entity acting on behalf of the Tenant who will fairly and adequately represent the Tenant's interest, including the City, is authorized to bring a civil action and/or proceeding in a court of competent jurisdiction for violation of this Chapter, for civil penalties, injunctive, declaratory and other equitable relief, restitution and reasonable attorneys' fees and costs and may take such other steps as necessary to enforce this Chapter. The court may award reasonable attorneys' fees and costs to a Landlord who prevails in any such action if the court determines that the Tenant's action was frivolous.
- B. Civil Penalty. Any person violating any of the provisions, or failing to comply with any of the requirements of this Chapter, may be liable for a civil penalty not to exceed One Thousand Dollars (\$1,000) for each violation.
- C. Criminal Penalty. Any person violating any of the provisions or failing to comply with any of the requirements of this Chapter, shall be guilty of a misdemeanor and punished by a fine of not more than One Thousand Dollars (\$1,000), or by imprisonment in the county jail for a period of not more than six (6) months, or by both.
- D. Defense to Eviction. A Tenant may assert as an affirmative defense a Landlord's failure to comply with the provisions of this Chapter in any action by a Landlord to recover possession of a Rental Unit.
- E. Each violation of any provision of this Chapter, and each day during which any such violation is committed, permitted or continued, shall constitute a separate offense.

F. The above remedies are not exclusive and do not preclude the City or any Tenant from seeking other remedies or penalties provided by applicable law.

5.13.160. Waiver. Any waiver of rights under this Chapter shall be void as contrary to public policy.

5.13.170. Severability. If any provision of this Chapter or the application thereof to any person, property, or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of this Chapter that can be given effect without the invalid provision(s) or application, and to this end, the provisions of this Chapter are declared to be severable.