



January 15, 2025

ITEM TITLE: CONSIDER REPORT FROM AD HOC AND CONSIDERATION TO ADOPT URGENCY/REGULAR ORDINANCES TO ENACT A LOCAL JUST CAUSE ORDINANCE FOR TERMINATION OF RESIDENTIAL TENANCIES. (0660-95)

ORIGINATING DEPARTMENT:

Ad Hoc Just Cause Regulations

EXECUTIVE SUMMARY:

In 2019, the State of California adopted the State Tenant Protection Act (STPA) to regulate residential tenant evictions statewide. The STPA permits local governments to adopt stricter tenant protections consistent with state law. The topic of local tenant protections has been ongoing in the City of Imperial Beach, particularly since the COVID-19 pandemic. Most recently, concerns about no-fault evictions, including those for substantial remodels, have been raised during public comments at City Council meetings. At the December 4, 2024 Council meeting, the City Council had a general discussion about just cause evictions and formed a limited term, limited purpose ad hoc committee of Mayor Aguirre and Councilmember Fisher to further explore the topic along with obtaining public input through outreach meetings. Since then, the ad hoc has met several times. The ad hoc also held public outreach meetings on December 16, 2024 and December 21, 2024. Numerous oral and written comments were received from various stakeholders on the topic at the public meetings (see attachments 3 and 4). The ad hoc is proposing the adoption of a local just cause ordinance (see attachments 1 and 2) for termination of residential tenancies which would provide for some additional relocation payments and requirements for certain no fault evictions.

RECOMMENDATION:

Receive report and consider adopting the urgency ordinance and/or introducing the regular ordinance to adopt a local just cause ordinance for termination of residential tenancies. Consider providing direction to Staff to research potential owner incentives to bring back to the Council for future consideration.

OPTIONS:

- Adopt urgency ordinance and/or introduce regular ordinance;
- Do not adopt urgency ordinance, but introduce the regular ordinance;
- Provide direction to modify the proposed ordinances and bring it back to a future Council meeting;
- Do not adopt either ordinance and continue to allow State law to apply to termination of residential tenancies; and/or
- Provide further direction to Staff.

BACKGROUND:

State Law Background

State law currently provides tenant protections through the California Tenant Protection Act of 2019 (STPA). Below is a summary of state law.

A. The State's Tenant Protection Act of 2019 ("STPA") (AB1482):

The STPA in Civil Code section 1946.2 provides that a tenancy may only be terminated for Just Cause, which includes both At-Fault Just Cause and No-Fault Just Cause terminations. At-Fault Just Cause reasons for terminating a tenancy include actions by the tenants that justify termination of the tenancy. No-Fault Just Cause reasons for terminating a tenancy include situations in which the tenant is not at fault, and the termination is instead being initiated because of the landlord's actions. For example, STPA lists removal of a rental property from the rental market as a No-Fault Just Cause basis (see Civil Code section 1946.2(b)(2)(B)). The additional Just Cause reasons for terminating a tenancy include the following:

"At fault" evictions include:

- Nonpayment of rent
- Breach of a material term of the lease
- Nuisance, waste, or using the unit for unlawful purposes
- Criminal activity committed on the premises or criminal activity that is directed at the owner or its agent
- Refusal to allow lawful entry
- Refusal to execute a new lease containing similar terms

"No fault" evictions include:

- Owner move-in
- Intent to demolish or substantially remodel the unit
- Withdrawal of the unit from the rental market
- The owner complying with a government order or local law that requires the tenant to leave

Landlords can only evict a tenant for one of the reasons listed above. Some of these reasons have their own specific requirements, such as those listed below per the State of California Department of Justice website (<https://oag.ca.gov/consumers/general/landlord-tenant-issues#protections>):

- Owner Move-In: A tenant can only be evicted for owner move-in if the owner or the owner's spouse, domestic partner, child, grandchild, parent, or grandparent intends to move into the unit. Any landlord planning an owner move-in must act truthfully and in good faith and comply with all state and local requirements. Effective April 1, 2024, the owner or relative must move in within 90 days after the tenant leaves and live there as their primary residence for at least 12 consecutive months. Otherwise, the unit must be offered back to the tenant at the same rent and lease terms as when the tenant left, and the tenant must be reimbursed reasonable moving expenses. Also, effective April 1, 2024, the eviction notice must include the name of the person moving in, their relationship to the owner, and that the tenant may request proof of that relationship, and there must be no other similar unit already vacant on the property that the owner or relative could move in to instead.
- Substantial Remodel: Landlords must act truthfully and in good faith and comply with all state and local requirements when evicting a tenant to conduct a substantial remodel of a unit, as not all repairs meet the definition of "substantial remodel." To be a "substantial remodel," the landlord must plan to either replace or substantially modify a structural,

electrical, plumbing or other system in the unit in a way that requires a permit, or to abate hazardous materials within the unit. In addition, the work must not be able to be done in a safe manner with tenants in the unit and must require a tenant to vacate the unit for at least 30 consecutive days. Cosmetic renovations do not count. Please also be aware that there may be special protections for protected groups such as senior tenants. Effective April 1, 2024, the eviction notice must include a description of the work to be done, copies of required permits, and a notice that if the substantial remodel is not commenced or completed, the tenant must be given the opportunity to re-rent the unit at the same rent and lease terms as when the tenant left.

In addition to requiring At-Fault or No-Fault Just Cause to terminate a tenancy, STPA further provides for various tenant protections, including reason specific termination notices and relocation assistance. STPA also caps rent increases for most residential tenants in California (Civil Code 1947.12). Landlords cannot raise rent more than 10% total or 5% plus the percentage change in the cost of living – whichever is lower – over a 12-month period. If the tenants of a unit move out and new tenants move in, the landlord may choose to establish a different initial rent to charge.

The STPA applies to all residential rental units in the state except those specifically identified in the law. Some examples of properties not covered by the STPA include:

- Single-family homes not owned or controlled by a corporation or real estate investment trust (the Act does apply to single-family homes owned or controlled by a corporation or real estate investment trust) A single family home held in title by an LLC is exempt from the Tenant Protection Act of 2019, provided the LLC does not have a corporation as a member; meaning the opposite is true as well, if the LLC is owned by a corporation, the property is not exempt and must follow the rent increase limitations under the law.
- Units covered by a local rent control ordinance that is more protective than the Tenant Protection Act
- Units issued a certificate of occupancy within the past fifteen years
- Mobile homes, unless the mobile home is owned and offered for rent by the owner or manager of a mobile home park
- Duplexes, where the owner is living in one of the units at the time the tenant moves into the other unit, but only as long as the owner continues to live there
- Housing that is restricted as affordable housing by deed, government agency agreement, or other recorded document, or that is subject to an agreement that provides housing subsidies for affordable housing
- Dorms

The STPA allows local jurisdictions to create their own ordinances to provide for greater tenant protections as long as the just cause for termination of a tenancy in the local ordinance is consistent with the STPA. In instances where a local jurisdiction enacts an ordinance that is more protective than the STPA provisions, the local protections supersede the STPA.

B. Retaliatory Behavior Prohibition (Civil Code 1942.5):

State law also provides protections from retaliation for tenants that have exercised a legal right against a landlord. In the event that a tenant exercises a tenant's right (including participation in an organized tenant's rights association) or reports a habitability issue to an enforcing agency, a landlord cannot terminate the tenancy, force the tenant to leave involuntarily, increase rent, or

decrease any services for a specified period of time so long as the tenant has not failed to pay rent.

Local jurisdictions may also adopt additional tenant anti-harassment provisions pursuant to their local police power authority.

San Diego County

The December 4, 2024 staff report and attachments include various materials on this subject which are incorporated into this staff report by this reference.

Currently, only the City of San Diego and the City of Chula Vista have local tenant protection ordinances related to just cause for termination of a residential tenancy (See December 2, 2024 Staff Report with attachments). Both ordinances provide more protection than state law, typically by increasing the amount of relocation payments. Both cities allow for substantial remodel no-fault evictions, however, they have adopted stricter definitions than state law related to what qualifies for a no-fault substantial remodel eviction. The City of Chula Vista did an evaluation of its ordinance at the City Council meeting of September 10, 2024, and reported that since the effective date in 2023, approximately 85% of the no-fault evictions in the City of Chula Vista were related to substantial remodel and demolition. The Chula Vista City Council asked staff for further evaluation of their current ordinance and a new report in February of 2025. The rest of the cities (including Imperial Beach) and the County of San Diego follow the STPA which does allow for substantial remodel no-fault evictions.

Los Angeles County

Staff did find that several cities in Los Angeles (LA) County have local just cause regulations. The City of LA has a local just cause ordinance (See December 2, 2024 Staff Report with attachments). On October 30, 2024, the LA City Council asked its staff to bring back a short-term moratorium ordinance related to substantial remodel no-fault evictions due to complaints from residents on this topic. As of the date of preparation of this Staff Report, Staff is not aware if the LA City Council has yet acted to approve a short-term moratorium. The cities of Maywood (See December 2, 2024 Staff Report with attachments), Alhambra, South Pasadena, and Claremont, to name a few, adopted short-term moratoriums to further study the issue of substantial remodel evictions. Since that time, at least one city (City of South Pasadena) has completely removed substantial remodel as an allowable reason for a no-fault eviction from its local regulations (See December 2, 2024 Staff Report with attachments). Other cities have provided additional protections such as longer relocation payments for substantial remodel no-fault evictions or adopted stricter definitions for what qualifies as a substantial remodel eviction.

ANALYSIS:

The STPA allows local jurisdictions to create their own ordinances to provide greater tenant protections for just cause evictions. At the December 4, 2024 Council meeting, the City Council had a general discussion of just cause evictions and formed a limited term, limited purpose ad hoc committee of Mayor Aguirre and Councilmember Fisher to further explore the topic along with obtaining public input through outreach meetings. Since then, the ad hoc has met several times and also held public outreach meetings on December 16, 2024 and December 21, 2024. Numerous oral and written comments were received from various stakeholders on the topic at the public meetings (see attachments 3 and 4).

Since at least the Covid 19 pandemic, the City has taken measures related to residential tenants and evictions. The City approved an eviction moratorium during the pandemic as well as one related to evictions from RV parks within the City in 2022. Additionally, in May of 2024, a citizen's

initiative with over 1700 signatures was submitted to the City. Although the citizen's initiative did not qualify to be submitted to the registrar of voters, it proposed stronger tenant protections than the STPA such as rent stabilization, eviction limitations, and additional relocation assistance. Starting in or around the spring of 2024, numerous residential tenants in Imperial Beach reported at City Council meetings that their landlords were evicting or threatening to evict them for the purpose of substantially remodeling their units. Many of these tenants provided public comments at numerous City Council meetings in 2024 including but not limited to the December 4, 2024 meeting. Further comments on these topics were received at the recent ad hoc public outreach meetings.

The ad hoc is concerned with the exacerbation of homelessness; impacts to displaced tenants, especially the most vulnerable tenants such as elderly and disabled; and housing affordability issues in the City, but also recognizes the impacts that local regulations could have to on landlords/owners.

After thoughtful and thorough consideration of this ongoing issue which balances the interests of various stakeholders on this topic, the ad hoc is proposing the adoption of a local just cause ordinance for termination of residential tenancies (see attachments 1 and 2). The ordinance includes the same just cause reasons for evictions of tenants with at least 12 months of occupancy and the same relocation payments as provided in state law except for the further protections as noted below (*primary modifications underlined*):

- The definition of substantial remodel slightly differs from state law related to the examples of cosmetic improvements that do not qualify as a substantial remodel. It is proposed to read as follows:

“Cosmetic improvements alone, including, but not limited to, painting, decorating, flooring replacement, cabinet replacement, counter replacement, window replacement, removal of interior wall coverings solely for the installation of insulation, and minor repairs, or other work that can be performed safely without having the Residential Rental Unit vacated, do not constitute a Substantial Remodel.”

- The notice requirements for termination of a tenancy for tenants who have been in place for at least 12 months based on no fault just cause has been extended to 90 days' notice for tenants and 120 days' notice for disabled and elderly tenants which would exceed the 60 days as provided in state law.
- All no-fault evictions for substantial remodel or demolition in “residential rental complexes” (which means one or more buildings, located on a single lot or contiguous lots, containing fifteen or more units rented or owned by the same owner) would require two months of relocation payments (one month at market rate and one month of current rent) to the tenants with an additional month's relocation payment for disabled and elderly tenants (up to three months of relocation payments for the disabled and elderly at either market rate and/or current rent as decided by the City Council).
- For all no-fault evictions for substantial remodel or demolition in “residential rental complexes” (which means one or more buildings, located on a single lot or contiguous lots, containing fifteen or more units rented or owned by the same owner), the owner shall return the tenant's full deposit or an amount equivalent to such deposit, unless otherwise prohibited by State law.

- Owners shall provide notice of the termination of residential tenancies covered by the ordinance to the City.
- When an owner applies for a City of Imperial Beach business license to operate, the owner will be required to acknowledge that he or she has read and will abide by this chapter of the Imperial Beach Municipal Code.
- Finally, owners would be required to provide a copy of this chapter to tenants.

As presented by the ad hoc, the City Council may consider the adoption of a local just cause ordinance as drafted in attachments 1 and/or 2. Attachment 1 includes an urgency ordinance to adopt the just cause ordinance based upon the urgent need to have additional tenant protections in place as specified in the urgency findings listed in the ordinance. The urgency ordinance requires at least 4 votes to be adopted and would take effect immediately to apply to all notices of termination that are covered in the ordinance issued after the effective date of January 15, 2025. The regular ordinance in Attachment 2 takes effect 30 days after adoption (approximately March 22, 2025 if adopted at the February 19, 2025 Council meeting) and requires at least 3 votes for introduction and adoption. The regulations in both ordinances are the same; the only differences between the two ordinances are: (1) the effective date of the new regulations and (2) the urgency findings required by the urgency ordinance.

The ad hoc is also very concerned about incentives for owners to rehabilitate their buildings and reducing potential impacts related to the additional relocation payments required by this proposed ordinance and would like the City Council to consider directing Staff to look into any possible incentives that the City could provide to owners who have substantially remodeled residential units in residential rental complexes to bring back for further discussion and possible action at a future City Council meeting.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

No fiscal impact. Any future consideration of incentives as discussed within the staff report would require a separate analysis.

ATTACHMENTS:

- ATT 1 - Urgency Ordinance
- ATT 2 - Regular Ordinance
- ATT 3 - Written public comments
- ATT 4 - Summary of oral public comments