



CITY OF INGLEWOOD

OFFICE OF MAYOR JAMES T. BUTTS, JR.



DATE: March 5, 2019

TO: Inglewood City Council

FROM: Mayor James T. Butts, Jr.

SUBJECT: Initiative to Adopt an Urgency Ordinance Imposing a Moratorium on Certain Residential Rent Increases in the City of Inglewood

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Introduce an adopt an Emergency Ordinance imposing a 45-day moratorium (with the option to extend for an additional 10 months and 15 days (total of one-year)) limiting rent increases to 5% per year on certain residential properties within the City of Inglewood; and
2. Direct the City Manager to assign the necessary staff with completion of a comprehensive report on the matter to be submitted to the City Council within 30 days.

BACKGROUND:

Rents in Los Angeles County (County) are continuing to rise; and although the City of Inglewood (City) has lower rents than comparable sized cities in the region, it is still an issue that must be addressed. The California Housing Partnership Corporation (CHPC) stated that the County needs and additional 568,255 affordable housing units to meet the current need. Moreover, the CHPC reports that housing prices in the County have grown four times faster than incomes since 2010.

The City has constructed a website survey to allow internet access for residents to report rental increases in the past year. There were 17 unique submissions ranging from 2% to 138%. Two of the submissions were reduced after negotiations by the Mayor with the property owner. After these reductions, the average increase for all submissions was 46%.

Inflation-adjusted median rent in the County has also grown by nearly 25% between 2000-2012, while inflation-adjusted incomes have declined by 9%. The effect of rising rents, coupled with decreased income, has caused many households to pay more than 1/3 or more of their income on rent. The number of families who would qualify for affordable housing outnumbers the amount of available affordable housing units.

DISCUSSION:

Contrary to the urban legend that new developments are the sole factor for increasing rents within the city, rents have been increasing regionally since 2012. The City of Inglewood has a history of supporting and providing affordable housing for Inglewood residents. This effort has spanned well over four decades and culminated in a current total affordable housing stock of 3,038 units, consisting of 2,846 rental units and 192 active loans for first time homebuyers.

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Despite these tremendous efforts, I (along with the City Council) am cognizant that additional work needs to be done. Over 60% of the city's residents are renters, many of whom are faced with the uncertainty of unaffordable increases in their rents. If a temporary moratorium on residential rental increases were not imposed now, the public health, safety and welfare of many citizens would be immediately threatened because landlords would have an immediate incentive to increase rents to even higher levels before the City Council could implement tenant relocation assistance or other such regulations. Staff has been directed to evaluate the parameters of this issue, and its effects. It is my direction that a 45-day moratorium be established to allow staff to produce a report within 30 days to submit to the City Council. Upon a 4/5 affirmative vote by the City Council, this moratorium will become effective immediately. The moratorium will mandate the following:

1. Establish a maximum rent increase amount of 5% annually for rental properties in the City of Inglewood; except those properties that are statutorily exempt from rent control.
2. Provide due process to ensure that property owners are entitled to a fair and reasonable return on their property.
3. Establish as base rent, rent levels as they exist on March 5, 2019, for purposes of determining a fair and reasonable return.
4. Include a provision of requiring just cause for tenant evictions.

Establishing the moratorium protects the city's current renters from excessive rent increases while a comprehensive study is completed. Staff's evaluation should include recommendations on administrative guidelines and policies with respect to tenant relocation protection and the effects of administering the program throughout the city.

FINANCIAL/FUNDING ISSUES AND SOURCES:

There is no fiscal impact associated this action.

DESCRIPTION OF ATTACHMENTS:

None.

PREPARED BY:

Melanie McDade, Executive Assistant to the Mayor and City Manager
Yakema Decatur, Deputy to the City Manager

PRESENTED BY:

Mayor James T. Butts, Jr.

MAYORAL APPROVAL:



James T. Butts, Jr., Mayor

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INTERIM ORDINANCE NO.: _____

AN INTERIM ORDINANCE OF THE CITY COUNCIL OF THE CITY OF INGLEWOOD ADOPTING AS AN URGENCY MEASURE A TEMPORARY (45 DAY) MORATORIUM ON CERTAIN RESIDENTIAL RENT INCREASES IN THE CITY OF INGLEWOOD TO NO MORE THAN 5% EFFECTIVE IMMEDIATELY.

WHEREAS, Government Code Sections 36937(b) and 65858(a), and Article X, Sections 4 and 5(d) of the Inglewood City Charter allows a city, including a charter city, to adopt effective immediately, as an urgency measure, an interim ordinance for the immediate preservation of the public health or safety without following the procedures otherwise required prior to adoption of a zoning ordinance; and

WHEREAS, such an urgency measure requires a four-fifths vote (4 votes) of the City Council for adoption and it shall be of no further force and effect forty-five (45) days from its date of adoption unless otherwise extended pursuant to Government Code section 65858(a); and

WHEREAS, the City Council directed City staff to present to the Council just cause evictions policy alternatives or an ordinance establishing just cause requirements for evictions; and

WHEREAS, City staff plans to present recommendations regarding just cause eviction policies to the City Council; and

WHEREAS, community members have reported that the City Council's direction to study just cause eviction policy has created market uncertainty and concern among some landlords that if they do not increase rents now, they could face income and property value losses; and

WHEREAS, City residents have reported to the City Council and City staff that their rents are continuing to rise as the stock of affordable and available housing diminishes; and

WHEREAS, according to the U.S. Census Bureau, 2016 American Community

1 Survey, 20.7% of families in Inglewood live below the poverty level, and the number of
2 persons living below the poverty rate in Inglewood has increased since 2000; and

3 **WHEREAS**, according to the U.S. Census Bureau, 2016 American Community
4 Survey, 60.9% of Inglewood renter households are "overpaying households", meaning
5 a household which pays 30% or more of its household income on housing costs; and

6 **WHEREAS**, according to Inglewood's Housing Department, almost 65 percent
7 (65%) of Inglewood homes are renter-occupied, and thus, residents are vulnerable to
8 soaring rental prices and are in danger of being displaced from their homes; and

9 **WHEREAS**, increasing poverty in Inglewood, decreasing area median income,
10 and increasing rents, have created a growing "affordability gap" between incomes and
11 rents demonstrated by the increase in "overpaying renter households"; and

12 **WHEREAS**, given this increased housing cost burden and poverty faced by
13 many Inglewood residents, excessive rental increases threaten the public health, safety,
14 and welfare of Inglewood residents, including seniors, those on fixed incomes, those
15 with very low, low, and moderate income levels, and those with other special needs to
16 the extent that such persons may be forced to choose between paying rent and
17 providing food, clothing, and medical care for themselves and their families; and

18 **WHEREAS**, excessive rental increases could result in homelessness and the
19 displacement of low income families; and

20 **WHEREAS**, the City of Inglewood currently does not restrict rental increases;
21 and

22 **WHEREAS**, the City of Inglewood has constructed a website survey for residents
23 to report rental increases in the past year; and

24 **WHEREAS**, the City has received multiple submissions of rental increases, from
25 the website survey, showing an average rental increase of approximately 55%; and

26 **WHEREAS**, prior to the introduction of this interim ordinance, the Mayor
27 negotiated rental reductions with landlords so as to decrease the average rental
28 increase to approximately 46%; and

1 **WHEREAS**, certain aspects of public health, safety and welfare are not
2 adequately protected by the lack of rent control in the City of Inglewood, and it is in the
3 interest of the City, of owners and residents of rental units, and of the community as a
4 whole that City staff undertake a comprehensive study to consider regulations to protect
5 affordable housing within the City, including but not limited to, rent stabilization
6 regulations; and

7 **WHEREAS**, in light of the numerous concerns noted herein, including but not
8 limited to the current and immediate threat to the health, safety, and welfare of the City's
9 residents and the adverse impacts that would result from a substantial decrease of
10 affordable housing within the City, the City Council determines it is in the interest of
11 immediately preserving the public health, safety and general welfare to adopt as an
12 urgency measure this interim ordinance in order to allow staff to, among other related
13 tasks, proceed with a comprehensive study to consider regulations to protect affordable
14 housing within the City, and bring forward proposed regulations related to, for example,
15 just cause for eviction policies, residential rent mediation or arbitration, rent stabilization,
16 or rent review board, as that study finds appropriate; and

17 **WHEREAS**, the City Council finds and determines that, if a temporary
18 moratorium on residential rental increases were not imposed now, the public health,
19 safety and welfare will be immediately threatened because landlords would have an
20 immediate incentive to increase rents to even higher levels before the City of Inglewood
21 could implement rent stabilization or other such related regulations; and such increases
22 would defeat the intent and purpose of any potential future regulation and substantially
23 impair its effective implementation; and

24 **WHEREAS**, it is the intent of the City Council to consider and possibly to adopt
25 Just Cause for eviction policies, residential rent mediation, rent stabilization, and/or Tenant
26 Relocation allowances paid by landlords that increase rents beyond a set threshold.

27 **WHEREAS**, for reasons set forth above, this ordinance is declared by the City
28 Council to be necessary for preserving the public welfare, health, or safety and to avoid

1 a current, immediate and direct threat to the health, safety, or welfare of the community,
2 and the recitals above taken together constitute the City Council's statements of the
3 reasons constituting such necessity and urgency; and

4 **WHEREAS**, adoption of this ordinance is exempt from review under the
5 California Environmental Quality Act (CEQA) pursuant to the following, each a separate
6 and independent basis: CEQA Guideline Section 15183 (action consistent with the
7 general plan and zoning); Section 15378; and Section 15061(b)(3) (no significant
8 environmental impact); and

9 **WHEREAS**, by the Agenda Report, testimony, and documentary evidence
10 presented at the September 18, 2018 City Council meeting, the City Council has been
11 provided with additional information upon which the findings and actions set forth in this
12 interim ordinance are based; and

13 **WHEREAS**, ten days prior to the expiration of this interim ordinance or any
14 extension thereof, the City Council is required by Government Code Section 65858(d)
15 to issue a written report describing the measures taken to date to alleviate the condition
16 which led to the adoption of this ordinance; and

17 **WHEREAS**, this ordinance allows up to a 5% annual increase in rent during the
18 moratorium period, and such figure, is found and determined to provide a just and
19 reasonable return, and has been calculated to encourage good management, reward
20 efficiency, and discourage the flight of capital, to be commensurate with returns on
21 comparable investments, but not so high as to defeat the purpose of preventing
22 excessive rents.

23 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF INGLEWOOD**
24 **does ordain as follows:**

25 **SECTION 1.** The City Council finds and determines the foregoing recitals to be
26 true and correct and hereby incorporates them into this ordinance.

27 **SECTION 2.** From the effective date of this interim ordinance and continuing for
28 a period of forty-five (45) days, unless extended, or until such time as the City adopts

1 regulations relating to just cause for eviction, residential rent mediation or arbitration, a
2 rent review board, or rent stabilization, whichever occurs first, no landlord shall increase
3 rent by more than 5% in a 1 year period.

4 **SECTION 3.** This moratorium may be extended by the City Council in
5 accordance with the provisions of California Government Code Section 65858(a).

6 **SECTION 4. Exceptions and Exemptions.** The following are exempt from the
7 moratorium established as an urgency measure under this interim ordinance: 1)
8 government owned housing units; 2) housing units whose rents are controlled,
9 regulated (other than by this chapter), or subsidized by any governmental unit, agency
10 or authority; 3) accommodations in motels, hotels, inns, tourist houses, rooming houses,
11 and boarding houses, provided that such accommodations are not occupied by the
12 same tenant for thirty (30) or more days; 4) units constructed after February 1, 1995; 5)
13 units that are separately alienable from the title of any other dwelling (single-family
14 homes and condominiums); 5) commercial units; 6) housing accommodation in any
15 hospital, convent, monastery, extended care facility, convalescent home, nonprofit
16 home for the aged, or dormitory operated by an educational institution; and 7) any other
17 units exempt pursuant to the Costa-Hawkins Act (California Civil Code Section 1954.52)
18 or any other applicable state or federal law.

19 This moratorium does not regulate the initial rent at which a unit is offered.

20 **SECTION 5. Enforcement.** In any action by a landlord to recover possession of
21 a rental unit, the tenant may raise as an affirmative defense any violation or
22 noncompliance with the provisions of this chapter.

23 **SECTION 6. Petition for Relief from Moratorium.** This moratorium, without
24 extension, is only effective for a period of forty-five (45) days. Given that a Consumer-
25 Price-Index-based for 2018 was approximately 2%, and this moratorium allows a 5%
26 annual increase, the City Council finds that this moratorium does not deny any owner
27 a fair and reasonable return. However, prior to extending this moratorium beyond the
28 forty-five day period, the City Council shall consider and adopt a procedure allowing
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30 any landlord claiming that the moratorium's

1 permitted rental rate is insufficient to provide a just and reasonable return to file a
2 petition requesting relief from the extended moratorium by way of an additional rental
3 increase, as well as procedures for hearings and appeals of such petitions. Prior to any
4 such extension, the City Council will also further consider the permitted rental increase
5 to provide rent stabilization and the fiscal impact of the moratorium.

6 **SECTION 7.** This interim ordinance is enacted pursuant to the City of
7 Inglewood's general police powers, Article III of the Charter of the City of Inglewood,
8 Article XI of the California Constitution, and Government Code Sections 36937(b) and
9 65858(a).

10 **SECTION 8. Severability.** If any section, subsection, sentence, clause or phrase
11 of this interim ordinance is for any reason held by a court of competent jurisdiction to be
12 invalid, such decision shall not affect the validity of the remaining portions of this
13 ordinance. The City Council declares that it would have adopted this interim ordinance
14 and each section, subsection, sentence, clause and phrase thereof, irrespective of the
15 fact that any one or more section, subsection, sentence, clause, or phrase be declared
16 invalid.

17 **SECTION 9. Effective Date.** All rental increases on or after the date of final
18 passage and adoption of this interim ordinance shall be subject to hereto. As an
19 urgency measure, this interim ordinance becomes effective immediately upon its
20 adoption at a first reading by a four-fifths vote of the City Council.

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SECTION 10: The City Clerk shall certify that this interim ordinance was passed and adopted by the City Council of the City of Inglewood at a regular meeting thereof held March 5, 2019 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Yvonne Horton, City Clerk

APPROVED:

James T. Butts, Jr., Mayor