

**ORDINANCE NO. \_\_\_\_ (N.C.S.)**

**AN ORDINANCE ADDING ARTICLE IIA TO CHAPTER 17 OF THE SALINAS MUNICIPAL CODE RELATED TO RENT STABILIZATION**

*City Attorney Impartial Analysis*

*This Ordinance adds Article IIA to Chapter 17 of the Salinas Municipal Code to provide limits on rent increases for applicable rental units. The Ordinance provides landlords a right to petition for rent increases above the set limit upon a showing of just cause and to petition for the pass-through of the costs of completed capital improvement costs. The Ordinance provides tenants a right to petition for rent reductions under certain circumstances. The Ordinance also allows the City to establish a fee to implement the program. The Ordinance would become operative on January 1, 2025.*

WHEREAS, beginning in October 2023, the City Council began to explore the concepts of rent stabilization and tenant protections. At its meeting on October 24, 2023, the City Council received a report on the Salinas rental housing market and state laws that impact rent control and tenant protection. Following receipt of the report, the City Council directed City staff to develop specific recommendations on rent stabilization and tenant protection strategies, including a rent stabilization and a tenant protection ordinance. The City Council directed that the Housing and Land Use Committee would be the forum through which the City would engage with the community on these ordinances as work progressed and until such time as specific recommendations would come forward to the City Council for consideration; and

WHEREAS, the City Council's Housing and Land Use Committee first met on March 26, 2024, and received a report on a preliminary draft ordinance which consisted of three components: a rent stabilization ordinance, a tenant protection and just cause eviction ordinance, and a tenant anti-harassment ordinance ("Ordinances"); and

WHEREAS, following the March 26, 2024, Housing and Land Use Committee meeting, the City continued to engage with the community through listening sessions, community meetings, Technical Advisory Committee. (TAC) meetings, Housing and Land Use Committee meetings, and public hearings before the City Council. Throughout this community engagement process, the City heard testimony from property owners, landlords, property managers, housing developers, tenants, tenant advocacy groups, and others regarding the Salinas rental market and the scope of rent increases and resident displacement, both as a result of rent increases and aspects of evictions in State law. The City also heard testimony about the specific provisions of the preliminary and subsequent drafts of the Ordinances; and

WHEREAS, the housing shortage and rising costs of living in Monterey County, and Salinas in particular, has detrimentally impacted a substantial number of residents in Salinas; and

WHEREAS, the majority of households in Salinas are family households (79.3%) and Salinas has a larger proportion of lower income households compared to the rest of Monterey County; and

WHEREAS, the affordability crisis disproportionately affects people of color because these communities are over-represented in the renter population. Salinas residents are predominantly Latinx: As of 2020, 79% of Salinas' residents were of Latino or Hispanic origin. Latinx residents in Salinas make up larger shares of the renter population than in the city overall; and

WHEREAS, renter-occupied households in Salinas have lower incomes per capita than households who own their homes; consequently, rent stabilization and tenant protection ordinances will tend to benefit households with lower than median incomes. The average renter-occupied household in the City has a median annual income of \$64,509; and

WHEREAS, as of November 2022, the average rent for rental units in Salinas was \$2,564 per month; and

WHEREAS, average rents for multifamily rental units in Salinas have continually increased at a higher rate compared with the increase in the median income for renter-occupied households, with the exception of 2018 and 2022. Rents in multifamily buildings built before 1995 in Salinas have increased 117% between 2000 and 2024, with an average vacancy of only 3.3%; and

WHEREAS, rents in Salinas have increased an average of 5% each year since 2012, with a spike in rent between 2020 and 2021, with an almost 13% increase, and then resuming regular increase over the past two years. A little more than half of the City's renter-occupied households remain rent-burdened, paying 30% or more of their household income on housing. Rent-burdened households have less money to spend on other essentials like food, transportation, healthcare, and childcare; and

WHEREAS, the cost burden rate in the City is sufficiently high to create anxiety about rent increases as the increasing housing rent burden and poverty faced by many residents in the City threatens the health, safety, and welfare of its residents by forcing them to choose between paying rent and providing food, clothing, and medical care for themselves and their families; and

WHEREAS, housing instability threatens the public peace, health, safety, and welfare as eviction from one's home can lead to prolonged homelessness; increased residential mobility; loss of community; strain on household finances due to the necessity of paying rental application fees and security deposits; stress and anxiety experienced by those displaced increased commute times and traffic impacts if displaced workers cannot find affordable housing within the city in which they work; and interruption of the education of children in the home; and

WHEREAS, eviction creates particular hardships for individuals and households of limited means, given the shortage of affordable housing within Salinas and the region, generally; and

WHEREAS, the housing rent burden and poverty faced by many residents in Salinas threatens the health, safety, and welfare of its residents, particularly when resulting in eviction and displacement. Evictions play an impactful role in the lives of low income renter households and can also contribute to poverty through disruptive effects such as job loss, adverse health effects, and negative consequences for children; and

WHEREAS, the City Council finds and determines that regulating the relations between residential landlords and tenants will increase certainty and fairness within the residential rental market in the City and thereby serve the public peace, health, safety, and welfare; and

WHEREAS, the Tenant Protection Act of 2019 is a statewide law that requires a landlord to have “just cause” in order to terminate a tenancy, and provides for a series of “at faulty” and “no fault” reasons that a tenant may be evicted, and in the event of a “no fault” eviction, provides for relocation assistance equal to one month of rent; and

WHEREAS, the recent spike in the inflation rate has resulted in permissible rent increases of up to 10% under the Tenant Protection Act, which caused some residents to become fearful of needing to relocate for financial reasons; and

WHEREAS, tenants and housing advocates have provided testimony that some landlords have been constructively evicting tenants by engaging in harassing conduct in order to coerce vacancies, and thereby charge higher market rate rents; and

WHEREAS, this fear of displacement has been determined to be a threat to the City’s health and well-being; and

WHEREAS, Salinas residential tenants may be unwilling or unable to assert their legal rights due to such factors as imbalance in bargaining power and concerns of retaliation. The City Council finds that these imbalances in the rental housing market and in the bargaining power of landlords and tenants reduces stability, security, and habitability, which are detrimental to health, safety, and general welfare of Salinas residents; and

WHEREAS, the City Council finds that reasonable regulation of aspects of the residential landlord-tenant relationship is necessary to foster constructive communication, maintain an adequate supply of rental housing units, and protect the health, safety, and general welfare of the public and that there is a lack of adequate protections and remedies in the absence of City regulations; and

WHEREAS, a purpose of the City’s rent stabilization and tenant protection policies is to preserve the public peace, health, safety, and welfare of the City by deterring harassing behavior by landlords against residential tenants, encouraging residential landlord to follow the law and uphold their responsibility to provide habitable rental properties, and establishing more effective remedies for tenants who experience harassing behavior; and

WHEREAS, a further purpose of the City’s rent stabilization and tenant protection policies is to help maintain peaceful relations in the community and minimize breaches of the peace caused by self-help evictions; to protect vulnerable populations of the Salinas community; and

WHEREAS, it is in the interest of the City, property owners, residents, and the community as a whole that the City adopt rent stabilization, tenant protection and just cause eviction, and tenant anti-harassment protections to mitigate the incentive for a landlord to evict a tenant for the purpose of increasing a rental unit’s rent to market rate; and

WHEREAS, pursuant to the City’s police power, as granted broadly under Article XI, section 7 of the California Constitution, the City Council has the authority to enact and enforce ordinances and regulations for the public’s peace, health, safety, and welfare of the City and its residents; and

WHEREAS, for the preservation of the public peace, health, safety, and welfare, the City Council finds that it is necessary to adopt ordinances adopting rent stabilization, eviction protections, and tenant anti-harassment protections that strengthen what already exists in state and federal law for the reasons set forth above, which are hereby incorporated by reference.

**NOW, THEREFORE, BE IT ORAINED BY THE CITY COUNCIL OF SALINAS as follows:**

**SECTION 1.** The above recitals are true and correct and are incorporated herein by this reference.

**SECTION 2.** Article IIA is hereby added to Chapter 17 of the Salinas Municipal Code to read as follows:

Article IIA. Rent Stabilization.

Sec. 17-02.01. Rent Stabilization.

This article shall be known as the “Rent Stabilization Ordinance.”

Sec. 17-02.02. Application.

This Rent Stabilization Ordinance shall be interpreted and administered in a manner consistent with the Costa-Hawkins Rental Housing Act codified in California Civil Code section 1954.50 *et seq.* (“Costa Hawkins”). If any conflict exists between the provisions of Costa Hawkins and this article, Costa Hawkins shall prevail.

- (a) Applicability of this Article. The provisions of this Rent Stabilization Ordinance apply to all Rental Units in the city of Salinas, except as otherwise exempted in this section.
- (b) Exemptions from this Article. The following Rental Units are exempt from Rent Stabilization:

- (1) Rental Units exempt from rent stabilization pursuant to the Costa Hawkins Rental Housing Act (California Civil Code section 1954.50 *et seq.*)
- (2) Rental Units which a government unit, agency, or authority owns, operates, manages, or in which governmentally subsidized Tenants reside only if applicable federal or state law or administrative regulation specifically exempts such units from municipal rent stabilization.
- (3) Rental Units which are deed restricted as affordable housing by a regulatory agreement or similar recorded document.
- (4) Rental Units in any hospital, covenant, monastery, extended medical care facility, non-profit home for the aged, or dormitory as defined in California Building Code section that is solely owned and operated by an accredited institution of higher education.
- (5) A unit in a hotel, motel, inn, or room and boarding house which is rented primarily to transient guests for a period of twenty-eight (28) consecutive calendar days or less, counting portions of calendar days as full days and other transient occupancies as defined in California Civil Code section 1940(b).
- (6) A unit in an institutional facility, including a hospital, medical care facility, residential care facility, asylum, group home for seniors or the disabled, or transitional housing program that assists homeless persons as defined in California Civil Code section 1954.12.
- ~~(6)~~(7) Rental Units in any building which is included on the National Register of Historic Places, the State Historic Landmark Register, the California Register of Historic Resources, or which has been voluntarily nominated as an historic resource by the property owner and which designation has been considered by the Salinas Historic Resources Board and approved by the Salinas City Council.

Sec. 17-02.03. Definitions.

- (a) For the purpose of this Article, the following words or phrases shall have the following meanings:

“Annual Allowable Rental Adjustment.” Annual Allowable Rental Adjustment refers to the limit on the Maximum Allowable Rent increase which a Landlord may charge on any covered Rental Unit each year without an order from a hearing officer.

“Capital Improvement.” An improvement or repair to a Rental Unit or property that materially adds to the value of the Property, appreciably prolongs the Property’s useful life or adapts the Property to a new use, becomes a part of the real property or is permanently affixed to the real property such that its removal would result in material damage to the real property or to the improvement itself, has a useful life or more than one (1) year and that is required to be amortized and depreciated over the useful life of the improvement under the provisions of the Internal Revenue Code and related regulations, and may also include work necessary to comply with applicable local, state, or federal building, health, and safety codes.

“Capital Improvement Plan.” A detailed proposal submitted to the City Attorney or designee by a Landlord in order to proceed with one or more Capital Improvements, and/or receive a Pass Through.

“Controlled Rental Unit.” A Rental Unit located within the city of Salinas not specifically exempted by an applicable exemption to this Article.

“Housing Services.” All amenities and services related to the use or occupancy of a Rental Unit and common areas that are provided by the Landlord. Housing Services includes without limitation hot and cold water, heat, light, utilities that are paid by the Landlord, painting, elevator service, window shades and screens, refuse removal, janitorial service, maintenance, repairs, replacement, recreational areas (including pools or gyms) kitchen, bath, laundry facilities, furnishings, storage space, parking (including one or more automobiles), employee services, security services, insurance, the payment of property taxes, and any other benefits or privileges permitted to the Tenant by agreement, whether express or implied, including the right to have a specific number of occupants and the right to one-for-one replacement of roommates, regardless of any prohibition against subletting and/or assignment. Housing Services also includes those basic Housing Services required by California Civil Code section 1941.1. Housing Services includes a proportionate part of services provided to common facilities of the building and Property in which the Rental Unit is contained.

“Landlord.” An owner, lessor, sublessor, or any other person entitled to receive Rent for the use and occupancy of any Rental Unit, or any agent, representative, or successor of any of the foregoing.

“Maximum Allowable Rent.” The maximum allowable rent which may be charged on any Rental Unit covered by this Article.

“Property.” All Rental Units on a parcel or lot or contiguous parcels or contiguous lots under common ownership.

“Pass Through.” Any monetary amount a Landlord is authorized to pass through to, and recover from, one or more Tenants in the form of a surcharge or in addition to Rent, as authorized by an approved Capital Improvement Plan or any other lawful authorization.

“Rent.” All periodic payments and all nonmonetary consideration including, but not limited to, the fair market value of goods, labor performed or services rendered to or for the benefit of the Landlord under a Rental Housing Agreement, as defined in this section, concerning the use or occupancy of a Rental Unit and premises, including all payment and consideration demanded or paid for parking, utilities, pets, furniture, subletting, and security deposits for damages and cleaning.

“Rental Housing Agreement.” An agreement, oral, written, or implied, between a Landlord and Tenant, for use or occupancy of a Rental Unit and for Housing Services.

“Rental Housing Fee.” The fee described in Section 17-02.13.

“Rental Unit.” Any building, structure, or part thereof, or land appurtenant thereto, or any other rental Property rented or offered for Rent for residential purposes, together with all Housing Services connected with the use and occupancy of such Property such as common areas and recreational facilities held out for use by the Tenant.

“Tenant.” A tenant, subtenant, lessee, sublessee, or any other person entitled under the term of a Rental Housing Agreement to the use and the occupancy of any Rental Unit.

“Utility Charges.” Any charges for gas, electricity, water, cable, or internet.

- (b) Terms defined in other sections of this Rent Stabilization Ordinance shall have such meaning when used in this Rent Stabilization Ordinance, whether singular or plural.

#### Sec. 17-02.04. Limit on Rental Rate Increases.

- (a) Increases in Rent on residential real property in the city may not exceed the lesser of ~~\_\_\_\_\_%~~ 2.75% or ~~\_\_\_\_\_%-76%~~ of the most-recent 12-month increase in the Consumer Price Index for All Urban Consumers ~~in the \_\_\_\_\_ Area published by the Bureau of Labor Statistics~~ (CPI-U) Series Title: All items in West urban, all urban consumers, not seasonally adjusted published by the Bureau of Labor Statistics. Only one rent increase in any 12-month period is permitted. A reduction in Housing Services is an increase in Rent.
- (b) Subsection (a) of this section shall apply to all Rent increases occurring on or after December 31, 2023. A Landlord has no duty to refund otherwise lawful rent received prior to the effective date of this Rent Stabilization Ordinance in excess of the amount authorized by this section.
- (c) The 12-month period referenced in subsection (a) of this section shall begin on the date of the last Rent increase regardless of whether the last Rent increase occurred prior to the effective date of the Rent Stabilization Ordinance.

#### Sec. 117-02.05. Reasonable Rate of Return.

This Rent Stabilization Ordinance allows for an annual adjustment of residential real property Rent as specified in subsection (a) of section 17-02.04 of this article. Such an increase is found and determined to provide a just and reasonable return on a Landlord’s Property, and has been adopted to encourage good management, reward efficiency, and discourage the flight of capital, as well as to be commensurate with returns on comparable investments, but not so high as to defeat the purpose of curtailing excessive Rent and rental increases. Notwithstanding the foregoing, and Landlord who contends that the limit on Rent increases set forth in Section 17-02.04 will prevent the Landlord from receiving a fair and reasonable return on the Property may petition for relief from the limit set forth in section 17-02.04 pursuant to the procedures set forth in section 17-02.07.

In making annual adjustments of the Annual Allowable Rental Adjustment, Hearing Officers shall consider the purpose of this Article and the requirements of law.

Sec. 17-02.06. Tenant Petition for Rent Reduction.

- (a) Unlawful Rent. A Tenant of a Controlled Rental Unit may petition for a reduction of Rent (“Rent Reduction Petition”) if the Tenant believes that the Landlord has demanded, accepted, or retained from the Tenant any Rent in excess of the Rent permitted by this Rent Stabilization Ordinance. The Landlord shall be informed of the Tenant’s complaint and shall have the opportunity to respond to the Tenant’s claim of Rent overcharge.
- (b) Reduction in Housing Services or Failure to Maintain Habitable Premises. A Tenant may petition for a reduction of Rent (“Rent Reduction Petition”) to request a refund of, or decrease in, Rent proportional to the Landlord’s reduction in Housing Services or failure to maintain then Controlled Rental Unit as a habitable premise in accordance with applicable State rental housing laws, State and local health and safety laws, or the Rental Housing Agreement.
- (c) Such Rent Reduction Petition shall be on an application form prescribed by the City Attorney or designee, shall be submitted to the City Attorney, and shall be decided by a Hearing Officer designated by the City Attorney.
- (d) The Tenant shall provide a copy of any Rent Reduction Petition submitted to the City Attorney to the applicable Landlord and shall provide the City Attorney with proof of completing such service to the applicable Landlord. The Landlord shall have thirty (30) days from the date of receiving the Rent Reduction Petition to reply or to provide additional materials in response to the Rent Reduction Petition. Such reply or additional materials shall be submitted to the City Attorney.
- (e) The Tenant shall bear the burden of establishing that a Rent reduction is necessary to comply with the Rent Stabilization Ordinance by providing information including the type of dwelling, dates of tenancy, dates of Rent increases, amount of Rent increases, dates of charges, and amounts of charges.
- (f) The factors the Hearing Officer may consider in deciding a Rent Reduction Petition shall be matters related to the Landlord’s failure to comply with the Rent Stabilization Ordinance, reductions in Housing Services, and habitability violations. For example, the amount of Rent that the Landlord has actually demanded, accepted, or retained from the Tenant exceeds the amount of the Rent that the Landlord could lawfully charge. The Hearing Officer may also consider decreases in living space, furnishings, equipment, or services; substantial deterioration of the Controlled Rental Unit other than as a result of ordinary wear and tear; or failure on the part of the Landlord to provide adequate Housing Services or to comply with applicable housing, health, and safety codes.



- (g) A Rent Reduction Petition shall be decided by the Hearing Officer within sixty (60) days of the date that the Rent Reduction Petition has been deemed complete by the City Attorney, including submission of proof of service of the Rent Reduction Petition on the applicable Landlord, unless an extension of time has been agreed upon by the parties. The decision shall be sent by mail and shall be emailed with proof of mailing to the applicable Tenant, the designated representative of the Tenant, the subject Landlord, and the Landlord's designated representative for the Rent Reduction Petition, if any. Any person aggrieved by the decision of the Hearing Officer may appeal to the City Council. On appeal, the City Council shall affirm, reverse, or modify the decision of the Hearing Officer. The decision of the Hearing Officer shall be the final decision of the City in the event of no appeal to the City Council.
- (h) Decisions decreasing Rent shall remain in effect until the Hearing Officer finds that the Landlord has corrected the defect warranting the decrease. The City Attorney shall establish procedures for making prompt compliance determinations. Upon a determination of compliance, the Landlord shall be entitled to reinstatement of the prior Rent level, retroactive to the date that the Landlord corrected the defect which warranted the decrease. This shall be in compliance with California Code of Civil Procedure section 1942.24. If the Landlord is found to be in violation of California Code of Civil Procedure section 1942.24, then no Rent shall be charged for the period during which the Landlord was in violation.

Sec. 17-02.07. Landlord Petition for Rent Increase.

- (a) A Landlord may petition for a Rent increase for a Controlled Rental Unit in excess of that provided in Sec. 17-03.04 in order to obtain a fair and reasonable return on the Landlord's Property ("Fair Return Petition"). It is the intent of this Article that individual upward adjustments in the Maximum Allowable Rent on Controlled Rental Units be made only when the Landlord demonstrates that such adjustments are necessary to provide the Landlord with a fair return on investment.
- (1) Nothing in this section shall be interpreted to authorize a Rent increase for a Controlled Rental Unit in excess of the amount authorized pursuant to California Civil Code section 1947.12.
  - (2) Such Fair Return Petition shall be on an application form prescribed by the City Attorney and shall include a declaration by the Landlord that the Rental Unit meets all requirements of this Article. Fair Return Petitions shall be decided by a Hearing Officer designated by the City Attorney.
  - (3) The Landlord shall provide a copy of any Fair Return Petition submitted to the City to the applicable Tenant(s) and shall provide the City with proof of completing such service to the applicable Tenant(s). The Tenant(s) shall have thirty (30) days from the date of receiving the Fair Return Petition to reply or provide additional materials to the City Attorney in response to the Fair Return Petition.

- (4) The Landlord shall be responsible for all costs associated with the City's review of the Fair Return Petition.
  - (5) Upon receipt of a Fair Return Petition, the Hearing Officer shall determine the anticipated costs of review and if the employment of expert(s) will be necessary or appropriate for a proper analysis of the Landlord's request. If the Hearing Officer so determines, the Hearing Officer shall also determine the anticipated costs of employing such expert(s). The resulting estimated cost shall be communicated to the Landlord and the Fair Return Petition shall not be processed until the Landlord has paid to the City the estimated cost of the completed analysis. The City will provide the Landlord with an invoice of all costs incurred after the review of the Fair Return Petition. Any unused portion of the advance payment for analysis shall be refunded to the Landlord. If additional funds are required, payment will be required before the Landlord receives the determination on the Fair Return Petition from the City.
- (b) The factors the Hearing Officer may consider in deciding a Fair Return Petition include, but are not limited to, the following:
- (1) Changes in the Consumer Price Index for All Urban Consumers ~~in the~~ Area(CPI-U) Series Title: All items in West urban, all urban consumers, not seasonally adjusted published by the Bureau of Labor Statistics arising after commencement of the tenancy.
  - (2) The pattern of recent Rent increases or decreases.
  - (3) Changes in property tax or other taxes related to the Controlled Rental Unit arising after commencement of the tenancy.
  - (4) Unavoidable changes in operating and maintenance expenses arising after commencement of the tenancy.
  - (5) Substantial deterioration of the Controlled Rental Unit other than as a result of ordinary wear and tear.
  - (6) Increases or decrease in the number of Tenants occupying the Controlled Rental Unit, living space, furniture, furnishings, equipment, or other Housing Service provided, or occupancy rules.
  - (7) Failure on the part of the Landlord to provide adequate Housing Services, or to comply with applicable state rental housing laws, local housing health and safety codes, or the Rental Housing Agreement.

- (8) Relevant evidence demonstrating that a Landlord, as of the effective date of this Rent Stabilization Ordinance, does not receive a just and reasonable return under the provisions of this Article.
- (c) The Landlord may not charge for utilities unless the utility is separately or individually metered.
- (d) A Fair Return Petition shall be decided by the Hearing Officer within ninety (90) calendar days of the date that the Fair Return Petition has been deemed complete by the City Attorney, including submission of proof of service of the Fair Return Petition on the applicable Tenant(s), unless the Landlord has failed to pay all applicable costs associated with the City Attorney, and designees', review of the Fair Return Petition or an extension of this time has been agreed upon by the Landlord and the Tenant(s). The decision shall be sent by mail and shall be emailed with proof of mailing to the subject Landlord, the Landlord's designated representative for the Fair Return Petition, the applicable Tenant(s), and the designated representative of the Tenant(s), of any. Any person aggrieved by the decision of the Hearing Officer may appeal to the City Council. On appeal, the City Council shall affirm, reverse, or modify the decision of the Hearing Officer. The decision of the Hearing Officer shall be the final decision of the City in the event of no appeal to the City Council.

Sec. 17-02.08. Petition for Pass Through for Specified Capital Improvements.

- (a) Landlord Petition. In addition to the petition process set forth above in section 17-02.07, a Landlord may file on an application form prescribed by the City Attorney for a Capital Improvement Plan, with or without a request for a Pass-Through of certain Capital Improvement costs to Tenants of Rental Units not exempt from rent control by state law, subject to the provisions and limitations set forth in this section, but shall include the actual cost of ~~planned or~~ completed Capital Improvements to the Rental Unit (as distinguished from ordinary repair, replacement, and maintenance or costs attributable to bringing a Rental Unit into compliance with applicable health and safety laws) where such Capital Improvement costs are properly amortized over the life of the improvement. A Landlord may not file a petition pursuant to this subsection until the work on such Capital Improvements has been completed. The City Council may adopt reasonable regulations to govern Capital Improvement standards and applications under this section.
- (b) Tenant Financial Hardship. A Tenant may file a hardship application at any time on grounds of financial hardship with respect to any Rent increase based on a Pass-Through to the Tenant of actual costs of capital improvements permitted pursuant to subsection (a) of this section. Payment of such rent increase(s) set forth in the hardship application shall be stayed from the date of filing until a decision is made on the Tenant's hardship application. The City Council may adopt reasonable regulations to establish the standards for establishing financial hardship and applications under this section.

Sec. 17-02.09. Rent Increase Ineffective; No Waiver.

- (a) A Rent increase shall be ineffective if the Landlord:
- (1) Fails to comply with all provisions of this Rent Stabilization Ordinance, as may be amended from time-to-time, and with any other applicable policies, regulations, or resolutions concerning Rent including, without limitation, the service of the Tenant with a legally required notice of a Rent increase under this Rent Stabilization Ordinance or state law, the registration of all Rental Units within the city, and the payment of all Rent program fees set forth in the City's Fee Schedule; or
  - (2) Fails to maintain the residential real property in compliance with California Civil Code section 1941.1 and California Health and Safety Code sections 17920.3 and 17920.10; or
  - (3) Fails to make repairs ordered by the City or any court of competent jurisdiction.
- (b) Any waiver or purported waiver by a Tenant of rights granted under this Article prior to the time when such rights may be exercised, whether oral or written, in or pertaining to a Rental Housing Agreement, shall be void as contrary to public policy.
- (c) If a Tenant reasonably believes a Landlord has increased the Tenant's Rent in violation of this section, the Tenant may submit to the City Attorney a petition to determine compliance for consideration by a Hearing Officer designated by the City Attorney. The Landlord shall have the opportunity to respond to the petition to determine compliance and to participate in the administrative proceeding. The City Attorney shall promulgate regulations to effectuate this section, in addition to those authorized by the Salinas Municipal Code.

Sec. 17-02.10. Notice Requirements.

- (a) On or before the date of commencement of a tenancy, the Landlord of any residential real property subject to this Rent Stabilization Ordinance shall deliver to the Tenant written notice of the following in a form prescribed by the City Attorney:
- (1) The tenancy is regulated by this Rent Stabilization Ordinance;
  - (2) The Tenant has a right to submit a complaint to the City pursuant to section 17-02.13 or a Rent Reduction Petition pursuant to section 17-02.06 for Rent demanded, accepted, or retained in violation of this Rent Stabilization Ordinance, a reduction in Housing Services, or failure to maintain habitable premises;
  - (3) The Landlord has a right to respond to any Rent reduction petition filed by the Tenant with the City pursuant to section 17-02.06; and
  - (4) The Tenant has a right to respond to any Fair Return Petition filed by the Landlord with the City pursuant to section 17-02.07.

(b) At the same time and with any notice to increase Rent, the Landlord must deliver written notice of the following:

- (1) The tenancy is regulated by this Rent Stabilization Ordinance;
- (2) The Tenant has a right to submit a complaint to the City pursuant to the procedures established pursuant to section 17-02.12 or a Rent Reduction Petition pursuant to section 17-02.06 for Rent demanded, accepted, or retained in violation of this Rent Stabilization Ordinance, a reduction in Housing Services, or failure to maintain habitable premises;
- (3) The Tenant has a right to respond to any Fair Return Petition filed by the Landlord with the City pursuant to sec. 17-02.07; and
- (4) No rent increase is effective unless and until the requirements of this Rent Stabilization Ordinance have been met.

(c) When a Landlord and Tenant have entered into a written Rental Housing Agreement, the Landlord must give notices to the Tenant in the language primarily used in the Rental Housing Agreement. When a Landlord and Tenant have not entered into a written Rental Housing Agreement, the Landlord must give notices to the Tenant in the language that a Landlord and Tenant used primarily when negotiating the terms of the Tenancy.

~~(e)~~(d) Notices provided by a Landlord under this Article shall be in English and Spanish.

#### Sec. 17-02.11. Judicial Review.

A Landlord or Tenant aggrieved by any action or decision of the City or of the City Council may seek judicial review by appealing to the appropriate court with jurisdiction over the matter.

#### Sec. 17-02.12. Violations and Remedies.

- (a) It shall be unlawful for any person to violate or fail to comply with any provision of this Rent Stabilization Ordinance, or any rule, regulation, or order promulgated, including demanding, accepting, or retaining Rent in excess of the Maximum Allowable Rent in violation of this Rent Stabilization Ordinance or a determination by a Hearing Officer of City Council, and including the provisions ensuring compliance with habitability standards and registration fee requirements.
- (b) Any person who violates or aids or incites another person to violate the provisions of this Rent Stabilization Ordinance shall be liable in a civil action for each and every such offense for actual damages suffered by an aggrieved party (including damages for mental or emotional distress); or for statutory damages in the sum of three times the amount by which the payment demanded, accepted, or retained exceeds the Maximum Allowable Rent, or for statutory damages in the sum of \$1,000, whichever is greater; and whatever other relief the court deems appropriate. In the case of an award of damages for mental or emotional distress, said award may be trebled if the trier of fact finds that the person acted in knowing

violation of or in reckless disregard of this Rent Stabilization Ordinance. The trier of fact may also award punitive damages to any plaintiff, including the City, in a proper case as defined by California Civil Code section 3294. No administrative remedy need be exhausted prior to filing suit pursuant to this subsection.

- (c) Any person who is convicted of violating this Rent Stabilization Ordinance shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not greater than \$1,000 or by imprisonment in the county jail for not more than six (6) months, or by both such fine and imprisonment.
- (d) Any person, including the City, may enforce the provisions of this Rent Stabilization Ordinance by means of a civil action. The burden of proof in such cases shall be by preponderance of the evidence. The prevailing party in any civil action brought pursuant to this section shall be entitled to recover reasonable attorney's fees and costs. A violation of this Rent Stabilization Ordinance may be asserted as an affirmative defense in an unlawful detainer action.
- (e) Any person who commits an act, proposes to commit an act, or engages in any pattern and practice that violates this Rent Stabilization Ordinance may be enjoined therefrom by any court of competent jurisdiction. An action for injunction under this subsection may be brought by any aggrieved person, by the City Attorney, or by any person or entity who will fairly and adequately represent the interest of the protected class.
- (f) This Rent Stabilization Ordinance may be enforced as provided in the Salinas Municipal Code in addition to other remedies provided herein, which shall be in addition to any other existing remedies which may be available.

#### Sec. 17-02.13. Rent Program Fee.

For the sole purpose of reimbursing the City for the costs of administering this Rent Stabilization Ordinance, there is hereby imposed on each Controlled Rental Unit subject to the provisions of this Rent Stabilization Ordinance, a regulatory fee ("Rent Program Fee") to cover the costs to provide and administer the programs created by this article or in such amount as the City Council may establish by resolution from time-to-time. Landlords subject to this Rent Stabilization Ordinance shall register all Rental Units subject to this article consistent with the City's Residential Rental Registration Program (Article I of Chapter 17 of the Salinas Municipal Code) with the City and pay the Rent Program Fee at such time and in such manner as established by City Council resolution. A Landlord may not recover any portion of the Rent Program Fee, or any associated late penalties, from Tenants.

#### Sec. 17-02.14. Implementation.

The City Manager and the City Attorney shall take or cause to be taken such actions necessary to implement this Rent Stabilization Ordinance and effectuate the intent of the City Council in adopting this Rent Stabilization Ordinance, including the preparation of informational materials

and forms and promulgation of administrative regulations. The City Manager shall designate a City department to provide information and receive Tenant complaints pertaining to violation of this Rent Stabilization Ordinance. The City Manager and the City Attorney shall publicize this Article so that all residents of Salinas will have the opportunity to become informed about their legal rights and duties under this Article. The City Attorney shall prepare informational materials which fully describe the legal rights and duties of Landlords and Tenants under this Rent Stabilization Ordinance. The informational materials will be available to the public and each Tenant of a Rental Unit shall receive a copy of the informational materials from their Landlord. Landlords shall provide the informational materials at the commencement of the tenancy and with each written notice of Rent increase. The informational materials will be made available on the City of Salinas website.

Sec. 17-02.14. Operative Date.

The operative date of the ordinance codified in this Article shall be January 1, 2025.

**SECTION 23.** All ordinances and parts of ordinances and all resolutions and parts of resolutions in conflict herewith are hereby repealed as of the effective date of this ordinance.

**SECTION 34.** Publication. The City Clerk shall cause a summary of this ordinance to be published once in a newspaper published and circulated in Salinas within fifteen (15) days after adoption. (Salinas Charter Section 11.9)

**SECTION 45.** CEQA Compliance. The City Council's adoption of this ordinance is not a project subject to environmental review under the California Environmental Quality Act (CEQA Guidelines Section 15061(b)(3) because it would not have a significant effect on the environment. Additionally, the City Council's adoption of this ordinance is exempt because it does not meet the definition of a "project" under CEQA, pursuant to CEQA Guidelines sections 15060(c)(1) and 15378(a), because it has no potential to result in a direct or reasonably foreseeable physical change in the environment.

**SECTION 56.** Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The Salinas City Council hereby declares that it would have passed this ordinance and each and every section, subsection, clause, and phrase thereof not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**SECTION 67.** Effective Date. This ordinance will take effect thirty (30) days from and after its adoption.

This Ordinance was INTRODUCED on the 10th day of September 2024, and was PASSED AND ADOPTED this \_\_\_\_\_ on the 24th day of \_\_\_\_\_, September 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

~~Kimbley Craig~~ Andrew Sandoval, Mayor

Pro Tempore

APPROVED AS TO FORM:

\_\_\_\_\_  
Christopher A. Callihan, City Attorney

ATTEST:

\_\_\_\_\_  
Patricia M. Barajas, City Clerk