

ORDINANCE NO. 2019-01

AN INTERIM ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ
REQUIRING JUST CAUSE FOR TENANT EVICTIONS WITHIN THE CITY

THE CITY COUNCIL OF THE CITY OF SANTA CRUZ hereby ordains as follows:

SECTION 1. Findings.

- A. Pursuant to Article XI, Section 7 of the California Constitution, the City of Santa Cruz ("City") may make and enforce all regulations and ordinances using its police powers.
- B. During the City's Fall 2017 Community Outreach on Housing, and continuing to the present day, the City received extensive public testimony about the exorbitant costs and scarcity of rental units.
- C. Housing insecurity and excessive rent increases could result in homelessness and displacement of low-income families.
- D. In early 2018 residents of the City announced plans to place a just cause for eviction and rent stabilization measure on the ballot to go before the voters at the General Municipal Election in November of 2018.
- E. On February 13, 2018, the City Council adopted Ordinances 2018-03 and 2018-04 (collectively, the "Rent Freeze"), establishing a temporary moratorium on certain rent increases and just cause eviction protections for most residential rentals in the City of Santa Cruz, and finding that temporary moratorium on residential rent increases for eligible rental units not to exceed a two percent inflation factor was necessary because rent increases imposed in anticipation of a rent stabilization law would defeat the intent and purpose of any potential future regulation and substantially impair its effective implementation.
- F. On May 10, 2018, an initiative petition was submitted to the City Clerk Administrator for verification of signatures. On June 21, 2018, the County Elections Official certified that the petition had sufficient signatures for placement on the November ballot.
- G. On June 26, 2018, the City Council adopted Resolution No. NS- 29,421 to include a charter amendment ballot measure entitled "Santa Cruz Rent Control and Tenant Protection Act" on the November 6, 2018 ballot, later designated by the Santa Cruz County Elections Official as "Measure M."
- H. At the November 6, 2018 election, Santa Cruz voters rejected Measure M by a vote of 18,611 against (61.59%) to 11,609 in favor (38.41%).
- I. Owing to the defeat of Measure M, Pursuant to its terms, the Rent Freeze terminated upon the City Council's certification of election results for the November 6, 2018 General Municipal Election, on December 11, 2018.

J. At its November 27, 2018 regular meeting, the City Council introduced for publication an ordinance amending Chapter 21.03 establishing the right for residential tenants who are forced to relocate due to a rent increase of more than 5% in one year or cumulatively more than 7% over the course of a two-year period (the “Large Rent Increase Ordinance”). At its December 11, 2018 regular meeting, the Large Rent Increase Ordinance was modified and re-introduced.

K. During the Council’s hearing on the Large Rent Increase Ordinance, an overflow audience of both Measure M’s supporters and opponents addressed the City Council—many speakers from both sides expressing support for some additional reasonable tenant protections, with several suggesting modifications that would address some of the concerns that may have discouraged voters from supporting Measure M.

L. Additionally, several speakers expressed concerns, either from personal experience or anecdotally, about landlords serving notice of termination, either in an effort to vacate residential units in advance of any further City Council action or as retaliation against tenants who publicly supported Measure M.

The City Council hereby finds and determines that the degree and severity for tenants to find and secure rental housing in the face of being evicted under the circumstances described above is significant public health and safety concern, particularly during the winter months, and warrants consideration of a temporary just cause eviction ordinance, to facilitate further community dialogue.

M. At its December 11, 2018 meeting, the City Council, by motion, directed that a new temporary just cause eviction ordinance be placed on the agenda for Council’s consideration at its January 8, 2019 meeting, to preserve the status quo and provide opportunity to engage in a community dialogue, with stakeholder input from landlords and tenants, toward the establishment of additional meaningful tenant protections that are also fair to landlords and can obtain broad-based community support.

N. Based on the above-described facts and circumstances, this interim Ordinance requires that landlords have a just cause for terminating tenancies during the moratorium period.

SECTION 2. Definitions.

A. City Council. The Santa Cruz City Council.

B. Housing Services. Housing Services include, but are not limited to, repairs, maintenance, painting, providing light, hot and cold water, elevator service, window shades, and screens, storage, kitchen, bath and laundry facilities and privileges, janitor services, Utility Charges that are paid by the Landlord, refuse removal, furnishings, telephone, parking, the right to have a specified number of occupants, the right to have pets, and any other benefit, privilege, or facility connected with the use or occupancy of any Rental Unit. Housing Services to a Rental Unit shall include a proportionate part of services provided to common facilities of the building in which the Rental Unit is contained.

- C. Landlord. An owner of record, lessor, sublessor, or any other person, entity or non-natural person entitled to receive Rent for the use and occupancy of any Rental Unit, or an agent, representative, predecessor, or successor of any of the foregoing.
- D. Moratorium Period. The period of time between the effective date of this Ordinance and its automatic expiration pursuant to Section 7, below.
- E. Notice to Terminate a Tenancy. Any notice required under state law or this Ordinance for a Landlord to lawfully cause a Tenant to vacate a Rental Unit.
- F. Notice to Quit. A notice specifically required by California Code of Civil Procedure section 1161 for a Landlord to lawfully cause a Tenant to vacate a Rental Unit.
- G. Property. All Rental Units on a parcel or lot or contiguous parcels or contiguous lots under common ownership.
- H. Rental Housing Agreement. An oral, written, or implied agreement between a Landlord and a Tenant for use or occupancy of a Rental Unit and Housing Services.
- I. Rental Unit. A building, structure, or part thereof, or land appurtenances thereto, or any other rental property rented or offered for rent for residential purposes and Housing Services.
- J. Tenant. A Tenant, subtenant, lessee, sublessee, or a person entitled under the terms of a Rental Housing Agreement to the use or occupancy of a Rental Unit.
- K. Written Notice to Cease. Refers to a written notice provided by a Landlord that gives a Tenant an opportunity to cure an alleged violation or problem. Any Written Notice to Cease must:
1. Provide the Tenant a reasonable time to cure the alleged violation or problem;
 2. Inform the Tenant that the failure to cure the alleged violation or problem may result in the initiation of eviction proceedings;
 3. Inform the Tenant of the right to request a reasonable accommodation; and
 4. Include a statement of the reasons for the Written Notice to Cease with sufficient detail to allow a reasonable person to cure the alleged violation or problem.

SECTION 3. Just Cause Eviction Protections During the Moratorium Period.

A. During the Moratorium Period, no Landlord shall take action to terminate any lawful tenancy, including but not limited to, making a demand for possession of a Rental Unit, threatening to terminate a tenancy orally or in writing, serving any Notice to Quit or other Notice to Terminate a Tenancy, or bringing any action to recover possession, or be granted recovery of possession of a Rental Unit unless at least one of the following conditions exists. This prohibition on impermissible evictions is intended to apply to the fullest extent permitted by law to all Notices to Terminate a Tenancy and Notices to Quit that were served on a Tenancy prior to the effective date

of this Ordinance.

1. Failure to Pay Rent. The Tenant has failed to pay the Rent to which the Landlord is legally entitled under the Rental Housing Agreement, this Ordinance, or any other state or local law.
2. Breach of Lease. The Tenant has continued, after the Landlord has served the Tenant with Written Notice to Cease, to substantially violate any of the material terms of the Rental Housing Agreement, except the obligation to surrender possession on proper notice as required by law, and provided that such terms are reasonable and legal and have been accepted in writing by the Tenant.
 - a. Notwithstanding any contrary provision in this Ordinance, a Landlord shall not take any action to terminate a tenancy based on a Tenant's sublease of the Rental Unit if the following requirements are met:
 - i. The Rental Unit continues to constitute the Tenant's primary residence;
 - ii. The sublessee replaces one or more departed Tenants under the Rental Housing Agreement on a one-for-one basis; and
 - iii. The Landlord has unreasonably withheld the right to sublease following written request by the Tenant, submission of an application from the proposed sublessee. If the Landlord fails to respond to the Tenant in writing within fourteen (14) days of receipt of the Tenant's written request, the Tenant's request shall be deemed approved by the Landlord. A Landlord's reasonable refusal of the Tenant's written request may not be based solely on the proposed additional person's lack of creditworthiness if the proposed occupant is not legally obligated to pay some or all of the Rent to the Landlord. A Landlord's reasonable refusal of the Tenant's written request may be based on, but is not limited to, the grounds that the Tenant has replaced one or more departed Tenants with short-term sublessors.
 - b. Notwithstanding any contrary provision of this Section, a Landlord shall not take any action to terminate a tenancy as a result of the addition to the Rental Unit of a Tenant's family member, such as a child, foster child, stepchild, ward, parent, grandchild, grandparent, brother, sister, or spouse or registered domestic partner, so long as the number of occupants does not exceed the maximum number of occupants permissible under Section 503(b) of the Uniform Housing Code as incorporated by California Health & Safety Code 17922.
3. Nuisance. The Tenant has continued, after the Landlord has served the Tenant with a Written Notice to Cease, to commit or expressly permit a nuisance in, or cause substantial damage to the Rental Unit or to the unit's appurtenances, or to the common areas of the Property containing the Rental Unit, or is creating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents or immediately adjacent neighbors of the Property.

4. Criminal Activity. The Tenant's conduct is so disorderly as to include violations of state and federal criminal law that destroy the peace, quiet, comfort, or safety of the Landlord, other Tenants at the Property, or immediately adjacent neighbors of the property.
5. Failure to Give Access. The Tenant has continued to refuse, after the Landlord has served the Tenant with a Written Notice to Cease, to grant the Landlord reasonable access to the Rental Unit as required by state or local law.
6. Necessary and Substantial Repairs Requiring Temporary Vacancy. The Landlord, after having obtained all necessary permits from the City, and having provided written notice to the Tenant, seeks to undertake substantial repairs that are necessary to bring the Rental Unit into compliance with applicable codes and laws affecting the health and safety of tenants of the building, provided that:
 - a. The repairs necessitate that the Tenant vacate the Rental Unit because the work will render the Rental Unit uninhabitable for a period of not less than (30) days; and
 - b. The Landlord gives advance notice to the Tenant of the Tenant's right of return to reoccupy the Rental Unit upon completion of the repairs at the same Rent charged to the Tenant before the Tenant temporarily vacated the Rental Unit, or Tenant's right of first refusal to any comparable vacant Rental Unit owned by the Landlord at the same Rent, if such comparable unit exists.
7. Owner Move-In. The Landlord seeks, after providing written notice to the Tenant, to recover possession of the Rental Unit in good faith for use and occupancy as a primary residence by the Landlord, or the Landlord's close relative such as a child, foster child, stepchild, ward, parent, grandchild, grandparent, brother, sister, or spouse or registered domestic partner.
 - a. This provision may be invoked only if the Landlord seeking to recover possession of the Rental Unit is a natural person and has at least a fifty (50) percent recorded ownership interest in the Property.
 - b. No eviction may take place under this provision if the same Landlord or enumerated relative already occupies a unit on the Property, or a vacancy already exists on the Property.
 - c. Any Notice to Terminate a Tenancy pursuant to this provision shall contain the name, address, and relationship to the Landlord of the person intended to occupy the Rental Unit.
 - d. The Landlord or enumerated relative must intend in good faith, to move into the Rental Unit within sixty (60) days after the Tenant vacates the unit, and occupy the Rental Unit as a primary residence for at least thirty-six (36) consecutive months.
 - e. If the Landlord or enumerated relative specified on the notice terminating the tenancy fails to occupy the Rental Unit within sixty (60) days after the Tenant vacates, the Landlord shall offer the Rental Unit to the Tenant who

vacated it at the same Rent in effect when the Tenant vacated.

- f. A Landlord may not evict a Tenant under this provision if the Tenant:
 - i.
 - ii. The Tenant is at least sixty-two (62) years old, or is disabled pursuant to Government Code Section 12955.3, or is certified as being terminally ill by the Tenant's treating physician; and
 - iii. Notwithstanding the above, a Landlord may evict a Tenant who qualifies for the exemption herein if the Landlord or enumerated relative who will occupy the Rental Unit also meets the age or disability criteria for this exemption and no other units are available.

8. Withdrawal of the Rental Unit Permanently from the Rental Market. The Landlord seeks in good faith to recover possession to withdraw all Rental Units of an entire Property from the rental housing market. Tenants affected by this provision shall be entitled to a minimum of 120-day notice, or a notice of not less than one (1) year in the case of Tenants defined as seniors or disabled under Government Code Section 12955.3.

9. Provided that the landlord has occupied the unit for at least the prior year, the landlord seeks to reoccupy a rental unit within one year of having vacated.

B. No Landlord shall take action to terminate a tenancy or otherwise recover possession of a Rental Unit in retaliation for a Tenant reporting violations of this Ordinance, or for exercising rights granted under this Ordinance or any other local, state, or federal law.

C. Any notice purporting to terminate a tenancy on any of the bases specified in this Ordinance must state with specificity the basis on which the Landlord seeks to terminate the tenancy.

D. In any action brought to recover possession of a Rental Unit, the Landlord shall allege compliance with this Ordinance.

E. A Landlord's failure to comply with any requirements of this Ordinance, including without limitation, the failure to serve any required notices, is a complete affirmative defense in an unlawful detainer or other action brought by the Landlord to recover possession of the Rental Unit.

F. Exemptions. The following categories of Rental Units shall be exempt from the requirements of this Ordinance, if the Landlord lives on site in: the same residence; a duplex; or a single-family residence with an accessory dwelling unit.

SECTION 4. Enforcement Procedures

The City, at its sole discretion, may choose to enforce the provisions of this ordinance through administrative fines and any other administrative procedure set forth in Chapter 4 of the Municipal Code, as amended. Violations of the provisions of this ordinance may be subject to fines of up to \$4,000. The City's decision to pursue or not pursue enforcement of any kind shall not affect a tenant's rights to pursue civil remedies.

SECTION 5. Civil Remedies.

A Tenant may bring a civil suit in the courts of the state alleging that a Landlord has violated any of the provisions of this Ordinance or any regulations promulgated hereunder. In a civil suit, a Landlord found to violate this Ordinance shall be liable to the Tenant for all actual damages, including but not limited to the damages described in this Section. A prevailing Tenant in a civil action brought to enforce this Ordinance shall be awarded reasonable attorneys' fees and costs. Additionally, upon a showing that the Landlord has acted willfully or with oppression, fraud, or malice, the Tenant shall be awarded treble damages. No administrative remedy need be exhausted prior to filing suit pursuant to this Section.

SECTION 6. Severability.

If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 7. Effective Date and Expiration Date.

This ordinance shall take effect thirty (30) days following its final adoption (the "Effective Date") provided, however, it shall apply retroactively to any notice of termination of tenancy with an effective date on or after December 11, 2018 and any unlawful detainer action brought pursuant to a notice of termination with an effective date on or after December 11, 2018 that is still pending as of the Effective Date. This Ordinance shall automatically terminate one year from the effective date or upon the Council's action on an ordinance addressing additional tenant protection following the conclusion of the work of the task force, or whichever is sooner.

SECTION 8. Environmental Determination.

The City Council finds that the adoption and implementation of this Ordinance are exempt from the provisions of the California Environmental Quality Act under section 15061(b)(3) in that the City Council finds there is no possibility that the implementation of this Ordinance may have significant effects on the environment.

ORDINANCE NO. 2019-01

PASSED FOR PUBLICATION this 8th day of January, 2019, by the following vote:

AYES: Councilmembers Krohn, Glover, Brown, Vice Mayor Cummings.

NOES: Councilmembers Meyers, Mathews; Mayor Watkins.

ABSENT: None.

DISQUALIFIED: None.

APPROVED: ss/Martine Watkins, Mayor

ATTEST: ss/Bonnie Bush, Interim City Clerk Administrator

PASSED FOR FINAL ADOPTION on this XX day of January, 2019, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

APPROVED: _____
Martine Watkins, Mayor

ATTEST:

Bonnie Bush, City Clerk Administrator

This is to certify that the above and foregoing document is the original of Ordinance No. 2019-01 and that it has been published or posted in accordance with the Charter of the City of Santa Cruz.

City Clerk Administrator