

Agenda Report

July 8, 2024

TO: Honorable Mayor and City Council

FROM: Rent Stabilization Department

SUBJECT: PRESENTATION OF PASADENA RENTAL HOUSING BOARD ON RECOMMENDED CHANGES TO PASADENA FAIR AND EQUITABLE HOUSING CHARTER AMENDMENT (ARTICLE XVIII) AND POTENTIAL DIRECTION TO CITY STAFF TO PREPARE NECESSARY RESOLUTIONS TO AMEND THE CITY CHARTER

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is not a “project” subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b); and
2. Direct staff to prepare and return with necessary resolutions that, if later approved, would place amendments to City Charter Article XVIII on the November 5, 2024 General Municipal Election ballot, as detailed in the agenda report.

BACKGROUND:

On November 8, 2022, the voters of the City of Pasadena voted to adopt the Pasadena Fair & Equitable Housing Charter Amendment (Article XVIII), which amended the City’s Charter to impose rent control and just cause eviction protections. The Pasadena City Council adopted a resolution certifying the results of the November 8, 2022, election on December 12, 2022, and Article XVIII was thereafter filed with the California Secretary of State and took effect on December 22, 2022.

On June 17, 2024, the Interim Director of the Rent Stabilization Department (“Department”), along with the outside counsel to the Board, appeared at the City Council’s regular meeting and presented the Board’s six (6) proposed amendments to Article XVII, as well as three (3) additional proposed amendments from Staff.

The City Council unanimously voted to approve both the Board's recommendations and Staff's recommendations and to direct City staff to prepare and return with necessary resolutions of the recommended changes to Article XVIII on the November 5, 2024 General Municipal Election ballot. The City Council's motion included one minor amendment to the recommendation to the removal of Board members to require a two-thirds, rather than simple, majority vote of the Board members to advance a petition to remove a Board member.

After approval of the Board's and Staff's recommendations, the City Council also discussed the additional recommendations from the Pasadena Housing Providers ("PHP"). PHP's recommendations fully outlined in the June 13, 2024 letter from their attorney, Loren Naiman. See Attachment B.

The City Council did not take action on any of these recommendations, but it did request that staff present these recommendations to the Board at its next regular meeting to gauge the Board's interest in exploring these recommendations further.

At the June 26, 2024 regular meeting of the Board, Staff presented PHP's recommendations and a staff initiated recommendation. (See Attachment A) PHP representatives made a presentation to the Board and approximately 24 public comments and 21 written public comment were received on the matter.

The Board deliberated on the PHP proposals, but ultimately concluded there was no majority interest by the Board to take up four of the five proposed changes substantively with the full input of the Board and the public to meet the deadlines to recommend potential changes for inclusion as a potential ballot measure in November. The Board acknowledged that these topics could be revisited for a more in-depth discussion at a later date, potentially for recommendation to the Council for the next municipal election in March 2026.

One of the PHP recommendations (the fourth recommendation) was to modify the penal provisions in Article XVIII to provide a more workable enforcement mechanism. Specifically, PHP recommended that the language in Section 1817(g) be revised to provide that a violation of the Rental Housing Board's properly promulgated regulations, rather than of the provisions of Article XVIII, shall be punishable as an infraction by way of a fine. PHP also recommended the removal of Section 1817(h) which provides for criminal penalties for a Landlord's violation of Article XVIII. Staff did not recommend, and the Board did not ultimately take up PHP's recommended language.

Staff proposed an alternative recommendation to address the current language in, subsection (g) that may be ineffective as a remedy because an infraction is a criminal penalty whereas any fee adopted by the Board would be an administrative penalty. Therefore, the "infraction" language in subsection (g) could be moved into subsection (h) which establishes criminal penalties for violations of the Article. The language of subsection (g) should also be revised to mirror Section 1.24.010 of the Pasadena Municipal Code, which provides that any violation of the Code may be prosecuted as a

misdeemeanor, as an infraction, or as a civil administrative action. Finally, the language in the two subsections was modified to as closely mirror each other as possible, clarifying that either or both administrative and criminal penalties may be imposed on any person who violates Article XVIII.

For the foregoing reasons and in accordance with the Board's adopted criteria for the Charter amendment recommendation process, Staff believes that this change will (1) clarify an area of ambiguity in Article XVIII that cannot be resolved via regulation, (2) bring the requirements of Article XVIII into alignment with criminal prosecution practices.

The Board deliberated and approved the staff recommended modifications to Sections 1817(g) and (h). The Board's proposed text changes to Article XVIII are described as follows:

Revise 1817(g) and (h) to read as follows:

In addition to any other remedies provided by law, Landlords and Tenants covered by this Article shall have the following remedies for violations of this Article.

- (g) Administrative Penalties for Violations. In addition to the any affirmative defense or any other rights of a tenant under law, a violation of ~~the provisions of this Article shall be punishable as an infraction by way of a fine~~ administratively by way of a fine. The Rental Board may establish, and periodically modify, a schedule of fines for violations of various provisions of this article as they see fit, provided these amounts are reasonable, and are chosen in accordance with applicable law.

- (h) Criminal Penalties. In addition to the administrative penalties in subsection (g) above, any Landlord person that violates this Article shall be guilty of a may be prosecuted for a misdemeanor or an infraction and shall be punished in accordance with Section 1.24.010 of the Pasadena Municipal Code, in the discretion of the city attorney or city prosecutor, or their assistants.

Next Steps

If the City Council approves of the approach presented, the City Council could direct staff to prepare and return with resolutions placing amendments to the Charter on the November 5, 2024 General Municipal ballot.

The deadline to submit ballot measures to the Los Angeles County Registrar-Recorder/ County Clerk's Office for the November 5, 2024 General Election ballot is August 9, 2024 (88th day prior to the election). The City Council's last scheduled meeting date prior to the deadline is July 22, 2024.


ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378 define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of "project" organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein, directing staff to prepare necessary resolutions to place Charter Amendment measures on the General Municipal Election ballot, are organizational or administrative governmental activities that do not result in physical changes to the environment, and therefore is not a "project" as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The Board's Report is presented for the City Council's information, to consider proposed changes to the City Charter Article XVIII, and to provide an opportunity to direct City staff on next steps. There is no fiscal impact anticipated as part of this agenda item.

Respectfully submitted,



HELEN MORALES

Director

Rent Stabilization Department

Written by:

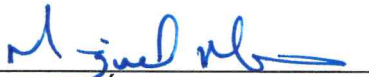


Phillip Leclair

Former Interim Director

Rent Stabilization Department

Approved by:



MIGUEL MARQUEZ

City Manager

Attachments (2):

Attachment A – June 26, 2024 Pasadena Rental Housing Board Meeting Agenda Report and Attachments

Attachment B – Correspondence from Loren Naiman, dated June 13, 2024, to the City Council of the City of Pasadena, on behalf of the Pasadena Housing Providers Political Action Committee