



RENT STABILIZATION DEPARTMENT

November 21, 2024

**TO:** Pasadena Rental Housing Board

**FROM:** Karen M. Tiedemann, Goldfarb & Lipman LLP,  
Counsel to the Board  
Nazanin Salehi, Goldfarb & Lipman LLP, Counsel to the Board

**SUBJECT: Proposed Resolution Requesting City Council to Adopt  
Ellis Act Tenant Protections**

**RECOMMENDATION:** It is recommended that the Pasadena Rental Housing Board approve the following:

1. Find that the proposed actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption); and
2. Adopt a resolution, requesting that the City Council Adopt regulations, by ordinance or by resolution, implementing the Ellis Act (Government Code Section 7060 et. seq.)

**BACKGROUND AND DISCUSSION:**

On November 8, 2022, the voters of the City of Pasadena (the "City") voted to adopt Measure H ("Article XVIII"), which amended the City's Charter to impose rent control and just cause eviction protections. The Pasadena City Council ("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.

Article XVIII includes at Section 1806(a)(10) as a just cause for eviction withdrawal of a Rental Unit permanently from the rental market in accordance with Government Code section 7060. Government Code Section 7060 et seq., commonly referred to as the "Ellis Act," requires that landlords must be allowed to go out of the rental business. In order to use the Ellis Act as a basis for an eviction, the landlord must withdraw all of the rental units on the property from the market.

Section 1806(a)(10) also provides that tenants subject to an Ellis Act eviction are entitled to a minimum of 120 days' notice or one year if the tenant is a senior or disabled. (It should be noted that Section 1806(a)(10) originally provided a minimum of 180 days' notice but that was found to be preempted by State law and removed by the Superior Court. The amendments to Article XVIII submitted to the voters on the November 5, 2024, ballot revised this section to add the 120-day

notice period allowed by State law. It appears at the time of this report that the Amendments to Article XVIII will pass.)

Article XVIII also provides that tenants subject to eviction as a result of the withdrawal of the unit from the rental market have a first right of refusal to return to the Rental Unit if the Rental Unit is returned to the market by the landlord to the maximum extent permitted by state law and that rent for the Rental Unit upon return shall be the rent lawfully paid by the Tenant at the time the Landlord gave notice of termination of tenancy to the maximum extent permitted by state law. Section 1806(c) goes on to state that the PRHB shall decide on the timeline and procedures for the subsequent notification of the former Tenant of the return of the Rental Unit to market.

Finally, Section 1806(d) provides that within 180 days of the first meeting of the PRHB, the PRHB shall adopt regulations, in the manner specified in Government Code Section 7060.5, that implement all of the provisions set forth in the Ellis Act. As has been previously discussed with the PRHB, despite the mandated obligation in Section 1806(d) for the PRHB to adopt regulations implementing the protections in the Ellis Act, the Ellis Act requires that any regulations adopted to implement such protections be adopted by an elected body, which the PRHB is not. Since the City Council is the only elected body with jurisdiction over rental units in the City of Pasadena, any regulations to implement the Ellis Act tenant protections must be adopted by the City Council.

The PRHB held a study session on the Ellis Act and the options for adoption of tenant protections in the event of an Ellis Act eviction at its meeting on November 7, 2024, and discussed which protections should be recommended to the City Council.

## **Ellis Act Protections**

The Ellis Act provides three primary areas of tenant protections that jurisdictions with rent stabilization can implement:

1. A right for the displaced tenant to return to the rental unit if the unit is returned to the rental market within 10 years of the withdrawal of the unit from the market.
2. Vacancy decontrol for units that are returned to the rental market within 5 years after withdrawal – meaning that if the displaced tenant returns to the rental unit, the displaced tenant's rent is the rent charged prior to the withdrawal plus any allowed annual general adjustments.
3. The right of the tenant or the City to recover damages. If the rental unit is returned to the rental market within two years of withdrawal the tenant could bring an action to recover actual and exemplary damages. In addition, if the property is returned to the market within 10 years and a tenant who has requested notice of the right to return is not given notice of the right of return, the tenant may be eligible for punitive damages in an amount not to exceed six months rent.

In addition to the above protections, the Ellis Act provides that if the withdrawn rental units are demolished and new rental units are constructed within five years of the withdrawal, the new rental units shall be subject to the local rent stabilization program notwithstanding the provisions of Costa Hawkins that makes such unit exempt from local rent stabilization.

The language in Section 1806(d) evidences an intent on the part of the voters that all available Ellis Act tenant protections be adopted in Pasadena, although the process proscribed in Article XVIII does not comport with State law. The Board at the November 7, 2024, meeting also expressed a preference that all available protections be adopted.

Staff has prepared a resolution of the PRHB to be forwarded to the City Council requesting that the City Council adopt all available protections under the Ellis Act to be implemented by the Pasadena Rent Stabilization Department.

**FISCAL IMPACT:**

Consideration of recommendations regarding Ellis Act to the City Council is not anticipated to have an impact on the budget of the Pasadena Rental Housing Board or the Rent Stabilization Department. In the event the City Council adopts the requested regulations, the Rent Stabilization Department's implementation of those regulations may have an impact on the budget, but that impact cannot be determined until the Rent Stabilization Department can determine the number of Ellis Act evictions that occur each year.

**ATTACHMENTS**

Attachment A: - Resolution of the Pasadena Rental Housing Board requesting that the City Council of the City of Pasadena adopted regulations either by resolution or ordinance adopting all available tenant protections under the Ellis Act.

Attachment B – Ellis Act Study Session staff report- November 7, 2024