

# Agenda Report

March 17, 2025

**TO:** Honorable Mayor and City Council

**FROM:** Pasadena Rental Housing Board

**SUBJECT: REQUEST FROM THE PASADENA RENTAL HOUSING BOARD FOR THE CITY COUNCIL TO DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE WITHIN 60 DAYS ADOPTING ALL AVAILABLE TENANT PROTECTIONS PROVIDED IN THE ELLIS ACT (GOVERNMENT CODE SECTION 7060 ET SEQ.)**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not subject to the California Environmental Quality Act (CEQA) pursuant to section 21065 of CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378, and, as such, no environmental document pursuant to CEQA is required; and
2. Direct the City Attorney to prepare an ordinance within 60 days adopting all available tenant protections provided in the Ellis Act (Government Code Section 7060 *Et Seq.*).

## **BACKGROUND:**

On November 7, 2024 and November 21, 2024, the Pasadena Rental Housing Board (Board) discussed the Ellis Act tenant protections and received comments from the public.

### PASADENA CHARTER ARTICLE XVIII

Pasadena Charter Article XVIII (Charter) 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.* (Attachment A), commonly referred to as the "Ellis Act," requires that landlords must be allowed to go out of the rental business.

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. The Charter 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.

Charter Section 1806(c) goes on to state that the Board 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 Board, the Board 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 Board, despite the mandated obligation in Section 1806(d) for the Board to adopt regulations implementing the protections in the Ellis Act, the Ellis Act itself requires that any regulations adopted to implement such protections be adopted by an elected body, which the Board is not. Since the City Council is the only elected body with jurisdiction over rental units in the City of Pasadena, any ordinance to implement the Ellis Act protections must be adopted by the City Council.

## THE STATE ELLIS ACT

The state Ellis Act (Government Code sections 7060 – 7060.7) allows cities with rent stabilization to adopt regulations that provide tenants with a first right to return to a unit that is withdrawn from the rental market if that unit is returned to the market. Additionally, it provides additional notice for tenants subject to eviction due to withdrawal of the unit from the market.

A First Right of Return benefit essentially requires that a tenant, whose tenancy was terminated based on a qualifying just cause, be offered the first opportunity to re-rent the same rental unit if and when the rental unit is again offered for rent or lease.

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. For units that are returned to the rental market within 5 years after withdrawal, 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 Charter Section 1806(d) evidences an intent on the part of the voters that all available Ellis Act tenant protections be adopted in Pasadena. The Board is not able to adopt regulations in the manner contemplated because it is not an elected body. The Board, however, worked to gain consensus to request the City Council, who has jurisdiction over rental units in the City of Pasadena, to adopt an ordinance to implement all Ellis Act protections.

The Board at the November 7, 2024, meeting also expressed a preference that all available protections be adopted. The November 7, 2024, staff report is provided as Attachment B. The Board continued its discussion at the November 21, 2024, Board meeting. The November 21, 2024, staff report is provided as Attachment C.

The Board adopted Resolution No. PRHB-2024-23 (Attachment D) recommending that City Council adopt, either by resolution or ordinance, regulations that implement all tenant protections allowed in California Government Code Section 7060 et seq. for tenants whose tenancies are terminated because the landlord is withdrawing the rental unit from the rental market, including but not limited to;

1. A right for the displaced tenant to return to the rental unit if the rental unit is returned to the rental market within 10 years of the withdrawal of the rental unit from the market;
2. A right for a displaced tenant to return to any rental unit that is returned to the rental market within five years at the rent paid by the tenant prior to the withdrawal plus any allowed annual general adjustments;
3. The right of the tenant or the City to recover damages including, if the rental unit is returned to the rental market within two years of withdrawal, the right to recover actual and exemplary damages and the right to recover an amount not to exceed six months' rent if the rental unit is returned to the rental market within ten years and is not offered to the displaced tenant who has requested notification of the right to return;
4. The requirement that if rental units withdrawn from the rental market are demolished and new rental units constructed within five years of the withdrawal, the new rental units will be subject to Article XVIII.

The Board requests that the City Council adopt all available tenant protections provided in the Ellis Act (Government Code Section 7060 *Et Seq.*) and direct the City Attorney to return with an ordinance within 60 days.

**COUNCIL POLICY CONSIDERATION:**

The proposed adoption of all available tenant protections provided for in the Ellis Act (Government Code Section 7060 *Et. Seq.*) aligns with the City Council goals to support and promote tenant protections.

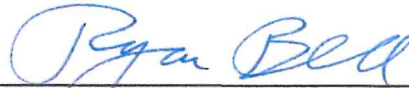
**ENVIRONMENTAL ANALYSIS:**

CEQA excludes from environmental review actions that are not "projects", as defined by Section 21065 of the Public Resources Code and Section 15378(b) of the California Code of Regulations. Sections 21065 and 15378(b) 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 activities of governments that will not result in direct or indirect physical changes in the environment. If the City Council undertakes organizational or administrative activities, such as adopting all available tenant protections provided in the Ellis Act, these actions would be administrative activities, and therefore would not be a "project" as defined by CEQA. Since the actions would not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The implementation of the Ellis Act 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.

Respectfully submitted,



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Chair, Pasadena Rental Housing Board

Prepared by:



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Approved by:



MIGUEL MARQUEZ  
City Manager

**ATTACHMENTS:**

- Attachment A- Government Code Sections 7060 – 7060.7- Ellis Act
- Attachment B- November 7, 2024, Staff Report Re: Ellis Act Study Session
- Attachment C- November 21, 2024, Staff Report Re: Proposed Resolution Requesting City Council To Adopt Ellis Act Tenant Protections
- Attachment D- A Resolution of The City of Pasadena Rental Housing Board Recommending to the City Council of the City of Pasadena that the City Council Adopt, Either by Resolution or Ordinance, Regulations Implementing All Available Tenant Protections Provided in the Ellis Act (Government Code Section 7060 *Et Seq.*)