

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA BARBARA AMENDING TITLE 26 OF THE SANTA BARBARA MUNICIPAL CODE BY ADDING CHAPTER 26.40 TO REQUIRE ONE-YEAR LEASE OFFERS TO RESIDENTIAL TENANTS

THE CITY COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Purpose. The City Council finds and declares as follows:

A. In December 2016, the City Council directed preparation of an analysis of potential strategies for residential tenant protections. This analysis was presented on March 21, 2017. The City Council then directed formation of a Tenant/Landlord Task Force (Task Force). On June 27, 2017, the City Council formed the Task Force and appointed representatives from the California Apartment Association, Central Coast Alliance for a Sustainable Economy (CAUSE), Housing Authority of the City of Santa Barbara, Restorative Community Network, Santa Barbara Association of Realtors, and Santa Barbara Rental Property Association. Membership also included an at-large landlord representative and an at-large tenant representative. Councilmembers Dominguez and Hart were appointed as City Council liaisons to the Task Force. Council directed the Task Force to consider and make recommendations on the following: Enhancement options for the City's Rental Housing Mediation Program; mandatory leases; safety inspections; just cause eviction; and other tenant protection alternatives (except rent control) as appropriate.

B. After meeting five times, the Task Force made several recommendations which were supported by a majority vote. The final set of recommendations to Council was approved unanimously.

C. The City Council thereafter directed that a "Joint Protection and Accountability Initiative" be heard by the Ordinance Committee to require landlords to offer tenants renewable leases with specified terms of at least one year (or less if the landlord demonstrates that the property is not available for a full year). If the landlord chooses not to renew the lease, the tenant can request a mandatory, non-binding, one-time conciliation meeting.

D. The Ordinance Committee and City Council have found and determined that the residential rental housing market in Santa Barbara has experienced long-term low vacancy rates in part due to an ongoing housing shortage in the City and on the South Coast generally. As a result, residential tenants experience less security in their housing choices as a result of rapid rent increases or eviction without cause. This ordinance is necessary to protect the public health, safety and general welfare by reducing the displacement of tenants into a rental housing market which affords them few and expensive options.

SECTION 2. Title 26 of the Santa Barbara Municipal Code is amended by adding Chapter 26.40 which read as follows:

**26.40.010 Mandatory Offer of Residential Lease.**

A. OFFER. If a tenant or prospective tenant wishes to rent a rental unit from a landlord and if the landlord wishes to rent the rental unit to the tenant or prospective tenant, the landlord must offer to the tenant or prospective tenant a written lease which has a minimum term of one year. The offer must be made in writing. The landlord's signing of a lease which has a minimum term of one year shall be considered an offer in writing.

B. ACCEPTANCE. If the tenant or prospective tenant accepts the offer of a written lease which has a minimum term of one year, this acceptance must be in writing, dated and signed by the tenant. The tenant or prospective tenant's signing of a lease signed by the landlord which has a minimum term of one year will be considered an acceptance. The tenant shall bear the burden of proving that they accepted the lease offer.

C. REJECTION. If the tenant or prospective tenant rejects the offer for a written lease which has a minimum term of one year, this rejection must be in writing and signed by the tenant on a dated single-page form which is either i) prepared by the city attorney and made available through the City's website, or ii) prepared by the landlord or tenant to communicate the rejection. On or after the date of the rejection is signed and delivered, the landlord and tenant or prospective tenant may then enter into an agreement, oral or written, that provides for a rental term of less than one year. The landlord shall have the burden of proving that the lease offer was made to the tenant.

D. RENT. If the landlord and tenant enter into a written lease which has a minimum term of one year, such lease must set the rent for the rental unit at a rate or rates certain and these rates shall not be otherwise modified during the term of such lease.

E. RENEWAL OF LEASES. If both the landlord and the tenant wish to continue the rental relationship, upon the expiration of the initial written lease which has a minimum term of one year, a lease shall be offered again in accordance with the procedures of this section:

1. Leases with a term of one year shall be offered annually.
2. Leases with a term longer than one year shall be renewable at the expiration of each lease period for a minimum term of one year.
3. A landlord shall offer annually a written lease with a minimum term of one year to a tenant who rejected an initial offer of a written lease with a minimum term of one year but who has rented a unit from the landlord for a period of at least twelve months.

F. NON-RENEWAL OF LEASES. If the landlord does not wish to continue the rental relationship, then at the time the landlord delivers notice of such termination, the tenant shall be offered a one-session conciliation meeting with the landlord using the Santa Barbara Rental Housing Mediation Board, if available, or a qualified mediator of mutual choice and provided at mutual expense. The results of any conciliation meeting shall not be binding unless agreed to by the landlord and tenant. A tenant need not

participate in a conciliation meeting. The remedies available under this Chapter shall not be affected by a tenant's inability or refusal to participate in conciliation.

G. APPLICABILITY. This Section shall not apply to:

1. A unit which is rented on the effective date of this Ordinance, provided that:

a. If the unit is rented subject to a written lease, when the lease in effect for such a unit expires, the ordinance codified in this Chapter shall then apply; and

b. if the unit is rented without a written lease, within ninety days after the effective date of this Ordinance, the landlord shall offer a written lease to the tenant in accordance with this Section;

2. An owner-occupied unit that is rented to a tenant for less than one year; or

3. A rental unit occupied by a tenant who subleases that unit to another tenant for less than one year;

4. A rental unit where tenancy is an express condition of, or consideration for employment under a written rental agreement or contract, or

5. Lawfully operated vacation rentals.

#### **26.40.020 Remedies.**

A. DEFENSE TO ACTION TO RECOVER POSSESSION. Failure of a landlord to comply with any of the provisions of this Chapter shall provide the tenant, for a period of one year from the date of the failure of the landlord to comply with this Chapter, with a defense in any legal action brought by the landlord to recover possession of the rental unit.

B. DEFENSE TO ACTION TO COLLECT RENT. Failure of a landlord to comply with any of the provisions of this Chapter shall provide the tenant with a defense in any legal action brought by the landlord to collect rent increases made in violation of this chapter.

C. INJUNCTIVE RELIEF. A tenant may seek injunctive relief on his or her own behalf and on behalf of other affected tenants to enjoin the landlord's violation of this Chapter.

D. REMEDIES ARE NON-EXCLUSIVE. Remedies provided in this section are in addition to any other existing legal remedies and are not intended to be exclusive.

#### **26.40.030 Definitions.**

The following words and phrases used in this Chapter shall have the meaning indicated, unless the context or usage clearly requires a different meaning.

A. LANDLORD. An owner, lessor, or sublessor, or the agent, representative, or successor of any of the foregoing persons or entities who receives, or is entitled to receive, rent for the use and occupancy of any rental unit or portion thereof.

B. RENT. The consideration, including any bonus, benefit, or gratuity demanded or received by a landlord for or in connection with the use or occupancy of a rental unit and any separately charged amenities available to tenants such as parking, storage or other similar charges.

C. RENT INCREASE. Any additional rent demanded of or paid by a tenant for a rental unit.

D. RENTAL UNIT. A dwelling unit in the city of Santa Barbara with the land and appurtenant buildings thereto and all housing services, privileges, and facilities supplied in connection with the use or occupancy thereof, which unit is in a multiple-family dwelling (including a duplex) or boarding house. The term "rental unit" shall not include:

1. A single-family dwelling;
2. Rooms or accommodations in hotels or boarding houses which are lawfully rented to transient guests for a period of less than thirty days;
3. Dwelling units in a condominium, community apartment, planned development or stock cooperative, or in a limited equity stock cooperative as defined in the California Business and Professions Code;
4. Dwelling units in which housing accommodations are shared by landlord and tenant;
5. Housing accommodations in any hospital, extended care facility, asylum, non-profit home for the aged, or in dormitories owned and operated by an institution of higher education, a high school or an elementary school;
6. Housing accommodations rented by a medical institution which are then subleased to a patient or patient's family;
7. Dwelling units whose rents are controlled or regulated by any government unit, agency, or authority, or whose rent is subsidized by any government unit, agency, or authority;
8. Dwelling units acquired by the city of Santa Barbara or any other governmental unit, agency or authority and intended to be used for a public purpose; or
9. Accessory Dwelling Units.

E. TENANT. A person or persons entitled by written or oral agreement to occupy a rental unit to the exclusion of others.

SECTION 3. CEQA FINDINGS. The City Council finds and determines that this Ordinance is exempt from review under the California Environmental Quality Act because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.