

Ojai Single Family Alteration & Addition Reach Code – Tenant Impact Analysis

Tenant Vulnerability to Rent Increases

If mandated to do decarbonization retrofits, landlords are likely to recoup costs through rent increases to tenants. Rent stabilization is the strongest form of protection tenants have against this threat. The city of Ojai has a [Rent Stabilization Ordinance](#) (RSO) that caps annual rent increases, but only for multifamily residential properties. Due to restrictions on local governments imposed by California's [Costa Hawkins Rental Housing Act](#), the city is prohibited from applying local rent caps to single family homes. In the context of reach codes, this means Ojai does not have a local mechanism for capping how much of a project cost can be passed onto tenants in single-family homes.

However, some single-family homes in Ojai are subject to *statewide* rent caps under California's Tenant Protection Act of 2019 (TPA). The TPA applies to single-family homes older than 15 years (calculated on a rolling basis) and owned by a real estate investment trust, a corporation, or an LLC with at least one corporate member.^{1,2} Under the TPA, tenants cannot receive annual rent increases that exceed the lesser of (1) five percent plus the Consumer Price Index, or (2) ten percent. The city of Ojai should provide resources to tenants covered by the TPA to ensure these rights are being upheld.

Still, there will be tenants in single-family homes who are exempt from Ojai's local RSO *and* California's TPA who could receive unrestricted annual rent increases after their homes undergo renovations. To better protect these tenants, the city could adopt an economic displacement policy that requires landlords to provide relocation assistance to tenants who are forced to relinquish their tenancy due to excessive rent increases. Examples of such policies exist in [Los Angeles](#) and [Santa Cruz](#). Because economic displacement policies still allow for unrestricted rent increases, they do not conflict with the restrictions on local governments imposed by Costa Hawkins Rental Housing Act.

¹ In order for a non-corporately owned single family home to be exempt from the TPA, the landlord must notify the tenant in writing that the tenancy is not subject to just-cause eviction protections and rent increase limitations under the TPA.

² The TPA's exemption for single-family homes only applies if the property is alienable separate from the title to any other dwelling unit.

Recommendations:

1. Provide know-your-rights outreach, education and counseling services to tenants covered by California's Tenant Protection Act of 2019 (TPA) to ensure they are not receiving rent increases beyond the allowable limit established by the law.
2. Adopt an economic displacement fee policy to provide relocation assistance to tenants who are vulnerable to being displaced by large rent increases because they are exempt from local and statewide rent stabilization policies.

Tenant Vulnerability to Evictions for Renovation Work

Mandating decarbonization work through a reach code could also cause tenants to be evicted for renovation work. Strong eviction protections are essential to ensuring tenants can maintain their tenancy during and after the time period in which renovations are made. The city of Ojai has a [Just Cause Evictions and Tenant Protections Ordinance](#) which limits the allowable grounds for eviction for most tenants in the city and requires landlords to provide relocation assistance for "no-fault" evictions, but it does not protect tenants from evictions for renovation work. The ordinance contains a "substantial remodel" provision which allows for evictions in cases where units are being substantially remodeled, defined as:

the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a governmental agency, or the abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable Federal, State, and local laws, that cannot be reasonably accomplished in a safe manner with the tenant in place and that requires the tenant to vacate the residential real property for at least 30 days ([Municipal Code Section 11-2.05](#)).

The renovation work required by a flexpath reach code could trigger substantial remodel evictions. To prevent this unintended consequence, the city of Ojai should remove substantial remodels as a basis for eviction. Many other jurisdictions in the Southern California region have also adopted policies to prohibit or disincentivize substantial remodel evictions because they are commonly used to displace long-standing tenants and flip units for profit.^{3,4}

³ Policies have been passed in [Los Angeles](#), [Santa Barbara](#), [Inglewood](#), [Alhambra](#), [Burbank](#), [South Pasadena](#), [Long Beach](#), [Maywood](#), [Culver City](#) and [Claremont](#).

⁴ [Video](#) of landlord attorney Dennis Block encouraging landlords to utilize substantial remodel evictions as a means to "beat rent control"

Additionally, Ojai's Just Cause Evictions and Tenant Protections Ordinance only applies to single-family homes owned by a real estate investment trust, a corporation, or an LLC with at least one corporate member; all other single-family homes are exempt.⁵⁶ Duplexes where the owner occupies one of the units as their principal place of residence are also exempt. Landlords can evict tenants in these properties at the end of their lease term for any reason and are not required to provide relocation assistance.

The city of Ojai should address the lack of protections for tenants living in non-corporately owned single family homes by expanding the Just Cause Evictions and Tenant Protections Ordinance to cover all single-family homes. There is no legal basis for excluding these properties from the city's eviction protections.

Recommendations:

1. Remove substantial remodels as a basis for eviction in Ojai's Just Cause Evictions and Tenant Protections Ordinance.
2. Expand the protections of Ojai's Just Cause Evictions and Tenant Protections Ordinance to tenants living in non-corporately owned single-family homes.

Construction Impacts on Tenants

Major additions and alterations can be expensive and time-consuming; a reach code may exacerbate these conditions, thereby incentivizing landlords to conduct construction work cheaply and illegally to cut costs and expedite project timelines. Unregulated and shoddy construction can pose dangerous threats to tenants, such as excessive noise, indoor pollution and loss of utility services. As documented by tenant advocates in [New York](#) and [Los Angeles](#), some landlords undertake construction work with the intention of creating living conditions so dangerous or uncomfortable that tenants self-evict, leaving properties vacant and vulnerable to drastic rent hikes.

The city of Ojai should work to ensure that its construction regulations, such as permitting requirements and habitability standards, are stringent and enforced. Oftentimes, the fines associated with unpermitted and illegal construction are not high enough to dissuade landlords

⁵ In order for a non-corporately owned single-family home to be exempt from the Ojai's Just Cause Evictions and Tenant Protections Ordinance, the landlord must notify the tenant in writing that they are exempt.

⁶ Ojai's Just Cause Evictions and Tenant Protections Ordinance exemption for single-family homes only applies if the property is alienable separate from the title to any other dwelling unit.

from doing it. The city should evaluate the efficacy of its existing permitting and code inspection policies and increase penalties for violators—especially repeat offenders—if necessary.

Many jurisdictions in California also have policies that require landlords to relocate tenants to a comparable unit or pay per diem relocation assistance to tenants if they are temporarily displaced by renovation work or repairs.⁷ These policies ensure tenants are safe from invasive construction work while maintaining their tenancy and allowing them to return to their units when work is completed. Ojai could also offer reductions in rent to tenants who experience inconveniences and loss of services due to renovation work, similar to [Santa Monica's construction-related rent reduction policy](#).

Recommendations:

1. Evaluate efficacy of permitting requirements and code compliance policies in dissuading illegal construction work.
2. Create and enforce stringent penalties for illegal construction.
3. Develop policies to protect tenants from construction work, such as requiring temporary relocation assistance and rent reductions during periods of construction.

⁷ [Cudahy](#), [Bell Gardens](#), [Berkeley](#), [Beverly Hills](#), [Culver City](#), [Hayward](#), [Inglewood](#), [Los Angeles](#), [Oakland](#), [Richmond](#), [San Francisco](#), [Santa Monica](#), [Unincorporated Los Angeles County](#), and [West Hollywood](#) all require landlords to provide temporarily relocation assistance or comparable units to tenants temporarily displaced by renovation or repair work.