

*STAFF REPORT**CITY OF OCEANSIDE*

---

DATE: June 7, 2023

TO: Honorable Mayor and City Councilmembers

FROM: Housing and Neighborhood Services Department

SUBJECT: **POLICY RECOMMENDATIONS RELATED TO IMPLEMENTATION OF AB 2559 AND USE OF REUSABLE TENANT SCREENING REPORTS (RTSRs)**

**SYNOPSIS**

Staff recommends that the City Council accept a report on options for the use of Reusable Tenant Screening Reports (RTSRs) and requests direction to proceed with a program to reduce barriers in the Rental Application Process, inclusive of education and outreach, and authorize funding of a pilot rental application fee financial assistance program.

**BACKGROUND**

On March 8, 2023, the City Council directed staff to evaluate and bring forward a recommendation of policy options to limit rental housing application fees that a landlord may charge under [State Civil Code § 1950.6](#) and as addressed by [Assembly Bill \(AB\) 2559](#) related to RTSRs. This bill, effective January 1, 2023, seeks to mitigate the cumulative financial burden of rental housing application screening fees by establishing a voluntary mechanism allowing a single reusable screening report to be used in the application process for multiple rental applications within a 30-day period.

**ANALYSIS****Renting in a Tight Rental Housing Market**

Forty-one percent (41%) of the City's housing is rental housing, amounting to nearly 26,925 housing units.<sup>1</sup> The rental vacancy rate in Oceanside is approximately 2.6 percent, with optimal vacancy rates at 5-6 percent.

Of all Oceanside renters, it's estimated that 74 percent of lower-income renters pay more than 30 percent of their total income in rent, with 44 percent paying more than 50 percent of income towards rent.<sup>2</sup> These cost-burdened and severely cost-burdened

---

<sup>1</sup> American Community Survey, 2018 5-Year Estimates

<sup>2</sup> [HUD CHAS \(Comprehensive Housing Affordability Strategy\) Data 2006-2019](#)

households, disproportionately impacting persons of color, are at heightened risk of housing instability, leading to a more frequent need to locate and apply for housing due to evictions, downsizing or relocating out of necessity, and, in some cases, experiencing homelessness.

Oceanside Households	Cost Burdened (>30% Income for Rent)	Severe Cost Burdened (>50% Income for Rent)
<b>All Renters</b>	57%	29%
<b>Lower Income Renters</b> (80% or less of AMI)	74%	44%
Rents	2 Bedroom Unit	3 Bedroom Unit
<b>Median Oceanside Rent</b>	\$ 2,185	\$ 3,177
<b>Affordable Rent</b> <b>Lower Income Renters</b> (80% or less of AMI)	\$ 1,440	\$ 1,600

The insufficient supply of affordable housing in Oceanside means that lower-income households are generally competing with more financially capable households for a small number of available options within their price range. In tight rental markets, landlords generally receive more applications for each property, and can be more selective with respect to prospective tenants. In general, landlords consider information that establishes a prospective tenant's ability to pay rent and reliability, such as employment, monthly income, and rental history (e.g., paying rent on time; damage to previous rental units; or unlawful detainer actions-evictions). Based on fair housing laws, landlords must accept all applications submitted for a vacant unit or upcoming vacancy.

The result is an increased likelihood of an applicant being rejected when applying for a rental property, and the need for those individuals to submit more applications in order to secure housing. The risk of rejection, and the subsequent need to apply for alternative properties, is particularly high for applicants with a criminal or eviction history.

California law permits landlords to charge applicants an application screening fee to cover the actual out of pocket costs of obtaining information about the applicant ([Civil Code §1950.6\(b\)](#)). The maximum application screening fee is \$59.67 as of December 2022 ([Civil Code § 1950.6\(b\)](#)).

This fee is paid each time a renter applies for an apartment or home, may be charged for each person over 18 years of age on the lease, and does not guarantee approval. When an applicant must apply to multiple properties in order to secure housing, such screening fees can quickly add up to hundreds of dollars, severely burdening the already-strained finances of those most in need of housing.

Household Persons over Age 18	Application Screening Fee	TOTAL per Household	No. of Rental Properties to Apply	
			2	3
3	\$ 59.67	\$ 179.01	\$ 358.02	\$ 537.03
Potential Cost Savings with RTSRs			\$ 179.01	\$ 358.02

### **Assembly Bill 2559 – Reusable Tenant Screening Reports**

On September 13, 2022, Governor Newsom approved [AB 2559](#), codified in [Civil Code § 1950.1](#) and effective as of January 1, 2023, which allows prospective tenants to rely upon a RTSR, a document that tenants pay for once and could then potentially utilize with multiple landlords when applying for an available rental housing vacancy (Attachment 1). RTSRs are a type of report prepared within the previous 30 days by a consumer reporting agency at the request and expense of a prospective tenant and made directly available to the landlord for use in the rental application process or is provided through a third-party website that regularly engages in the business of providing RTSRs. The acceptance of RTSRs by landlords is voluntary. RTSRs must comply with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency. [AB 2559](#) provides that if an ordinance, resolution, regulation, administrative action or initiative conflicts with Civil Code section 1950.1, the policy that provides greater protections to applicants shall prevail. The intent of AB 2559 is to increase housing opportunities, particularly for those most financially burdened, by reducing the costs associated with applying for multiple properties with multiple screening fees.

In addition to California, the states of Washington and Maryland passed legislation, in 2016 and 2021 respectively, that allow for the use of RTSRs (See [Washington Revenue Code § 58.19.257](#); [Maryland Code Ann., Real Property § 8-218](#)). More recently, on April 17, 2023, the City of West Hollywood amended Title 17 (Rent Stabilization Ordinance) of its Municipal Code to require landlords to accept an RTSR when a prospective tenant is able to provide a recent RTSR with sufficient, appropriate credit and background information during the rental application process, along with other amendments to their overall rent stabilization program. To staff's knowledge, West Hollywood is the only California city currently mandating the acceptance of RTSRs.

### **Utilizing RTSRs**

By using RTSRs, prospective tenants only have to pay one time for the report that can be used many times over 30 days, saving money from having to pay for multiple screening reports for each rental property, but acceptance of a RTSR is voluntary for landlords. Landlords are encouraged to accept RTSRs to save time processing each applicant since RTSRs are generated at the expense of the applicant and accessed by each landlord at no cost. Today, many landlords first review an application, collect a screening fee, and then run a screening report. A RTSR process could consolidate this three-step process into two, eliminating the personnel costs required to collect fees from

applicants and reducing the amount of time a vacant unit remains open. Prospective tenants who use a RTSR also have an opportunity to correct potential errors in advance of applying and therefore, have the potential for the RTSR to be more accurate.

Several companies offer tenant screening reports generally, at rates lower than the maximum permissible screening fee for a single application in California. [Zillow](#) and [MyScreeningReport.com](#) offer RTSRs to be used an unlimited number of times for 30 days at prices around \$30-50, depending on the included information. For example, Zillow's tenant screening reports are free for landlords and prospective tenants pay a \$35 tenant screening and application fee, which allows them to apply to an unlimited number of participating rentals for 30 days.

As [AB 2559](#) has only recently been enacted (January 2023), it is still unclear if this bill has furthered the use and acceptance of RTSRs and if sufficient outreach to landlords and renters has been done to encourage its use. The Southern California Rental Housing Association is currently educating its membership on the availability and use of RTSRs. While obtaining necessary information through a pre-generated RTSR could save a landlord time and labor in obtaining a screening report, there are no incentives for acceptance of this report and RTSRs may not address the unique credit or background information needs of individual landlords when reviewing rental applications. Widespread use of RTSRs could be facilitated by defining uniform screening information for a RTSR that is acceptable screening by landlords, incentivizing landlords to accept them, educating renters and landlords of the availability and benefits of RTSRs, or mandating the use of RTSRs.

### **RTSR Policy Options**

Acknowledging the competitive rental market and financial burden disproportionately affecting lower income families and persons of color, staff offers the following options for the use of RTSRs to address barriers when seeking rental housing, while recommending that the City Council proceed with Options 1 and 2:

1. Education and Outreach. Collaborate with the Southern California Rental Housing Association (SCRHA), Legal Aid Society and other community partners to:
  - a. Inform renters and landlords of the availability of RTSRs and the benefits of its use;
  - b. Disclose in written materials, advertising and posting on-site, if RTSRs are accepted;
  - c. Promote understanding early in the application process of the types of information that will be accessed to conduct the tenant screening and criteria that may result in the denial of a rental application; and,
  - d. Inform renters of the name and address of the consumer reporting agency and the prospective tenant's rights to obtain a free copy of the consumer report in the event of a denial or other adverse action, and to dispute the accuracy of information appearing in the consumer report.

2. Pilot Financial Assistance. Authorize development of a one-year pilot program for lower income households, prioritizing extremely low- and very low-income households, to provide a maximum level of financial assistance for the payment of rental housing application fees from the available fund balance of the City's Inclusionary Housing In-lieu fund in an amount to be determined by the City Council. At the end of the one-year pilot program, staff would provide City Council with a recommendation as to whether the program should continue based on its success. The following table illustrates various potential funding levels and the estimated number of recipients that could benefit from such a program. Based on the current available balance of the Housing Inclusionary In Lieu Fund (\$10.7M), staff recommends authorizing funding at \$30,000 to position the one-year pilot program for substantial public benefit.

Funding Allocation Inclusionary Housing In- Lieu Fees	No. of Applications (\$ 59.67)	No. of Households to Assist (3 Adult Members)
\$ 10,000	170	57
\$ 20,000	340	113
\$ 30,000	500	167

3. City Code Requiring the Use of RTSRs. The law allows local jurisdictions to set conditions that afford greater protections to tenants. The City could adopt an ordinance to give prospective tenants a right to utilize an RTSR so long as it was created no later than 30 days before its use and contains information related to eviction, employment, along with a credit report and score. When the information required is not included in the tenant's RTSR, then the landlord may utilize the RTSR at their discretion. Consistent with state law, a landlord may not charge for use of a RTSR or an application fee. Should a landlord not accept an RTSR when required, the City would rely on the administrative remedies and penalty provisions of [City Code Section 1.14](#).

This requirement could be applicable to all residential rental properties or to those of five (5) units or more subject to the business license requirement of Chapter 15 of the Oceanside City Code. By setting a threshold, those rental housing properties owned by small investors and/or individuals would not be subject to such requirement.

A copy of the City of West Hollywood's Ordinance Amending Title 17 of its municipal code is attached as Exhibit 3 as an example of such policy. The use of RTSRs is a part of their overall Rent Stabilization program for those residential rental properties of 16 or more dwelling units. Should City Council direct staff to proceed with Option 3, staff would bring back an ordinance for consideration at a future meeting.



Staff recommends that the City work together with the SCRHA, Legal Aid Society, and others to outreach to landlords and residential tenants and provide information about the rental application process, landlord tenant rights and responsibilities and the use of RTSRs to reduce barriers and facilitate greater understanding. Given the relatively new implementation of [AB 2559](#), the lack of reliable data that might demonstrate that the voluntary use and acceptance of RTSRs is not occurring, and the varying credit and background informational needs of individual landlords for screening of prospective tenants, staff recommends that the City take no action to mandate the use of RTSRs at this time. Should the City Council wish to require the acceptance of RTSRs, staff will return at a future date to introduce such ordinance based upon the direction received. In lieu of a requirement to accept RTSRs, staff would recommend implementation of a pilot Rental Application Assistance program for those lower income households already facing financial burdens and barriers to secure housing.

### **FISCAL IMPACT**

Staff is requesting to use the Housing Inclusionary In Lieu Fund restricted fund balance in the total amount of \$40,000 to provide for costs associated with implementation of a Rental Application Assistance program, if approved, and outreach and marketing of the Program and landlord and tenant rights under State law. Appropriate the funds to the accounts as noted below.

Description	Amount	Request to Appropriate	Account Number	Funding Source Requested	Available Balance
Rental Application Fee Assistance	\$30,000	\$30,000	924459400278.5326	Inclusionary Housing In-lieu Restricted Fund Balance 278.3010	\$10.7M
City Staffing	\$ 8,000	\$ 8,000	924459400278.5105		
Materials Supplies & Services	\$ 2,000	\$ 2,000	924459400278.5355		
<b>TOTAL</b>	<b>\$40,000</b>	<b>\$40,000</b>			

### **INSURANCE REQUIREMENTS**

Does not apply.

### **COMMISSION OR COMMITTEE REPORT**

This item was not presented to the City's Housing Commission since the City Council provided specific policy direction to staff on March 8, 2023.

## **CITY ATTORNEY'S ANALYSIS**

California Civil Code section 1950.6(a) provides in part “when a landlord or his or her agent receives a request to rent a residential property from an applicant, the landlord or his or her agent may charge that applicant an application screening fee to cover the costs of obtaining information about the applicant. The information requested and obtained by the landlord or his or her agent may include, but is not limited to, personal reference checks and consumer credit reports produced by consumer credit reporting agencies as defined in Section 1785.3. A landlord or his or her agent may, but is not required to, accept and rely upon a consumer credit report presented by an applicant.”

Civil Code section 1950.6(b) limits the application screening fee to the actual out-of-pocket costs of gathering information about the applicant including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service and the reasonable value of time spent by the landlord or his or her agent obtaining information about the applicant. The statute capped the fee at \$30 in 1998 with annual adjustments based upon the Consumer Price Index.

Landlords are prohibited from charging application screening fees when he or she knows or should know that no rental unit is available or will be available within a reasonable period of time. Furthermore, landlords are required to provide the applicant with a receipt for the fee paid which shall itemize the out-of-pocket expenses and time spent by the landlord or his or her agent to obtain and process information about the applicant. If an application screening fee has been paid by an applicant, the landlord or his or her agent is required to provide a copy of the consumer credit report if requested by the applicant.

As noted earlier in this report, AB 2559 was enacted in 2022 and effective on January 1, 2023. The statute allows a landlord to accept a RTSR that includes the name of the applicant, the applicant's contact information, employment verification, last known address and eviction history. The RTSR is defined as a consumer report available to the landlord at no cost that was prepared within the previous 30 days by a consumer reporting agency. The RTSR must be made directly available to the landlord or provided through a third-party website that regularly engages in the business of providing a reusable tenant screening report and complies with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency.

The state statute does not compel landlords to accept the RTSR. According to Civil Code section 1950.1(c), “[a] landlord may elect to accept reusable tenant screening reports and may require an applicant to state that there has not been a material change to the information in the reusable tenant screening report.” A landlord who accepts an RTSR may not charge an applicant a fee for access to the report or an application screening fee. Section 1950.1(h) states, “[t]his section shall not require a landlord to accept reusable tenant screening reports.”

In enacting Section 1950.1, the Legislature anticipated conflicts between AB 2559 and local ordinances and policies. Section 1950.1(g) states, "[if] and ordinance, resolution, regulation, administrative action, initiative, or other policy adopted by a city, county, or city and county conflicts with this section, the policy that provides greater protections to applicants shall apply."

As previously noted, based upon staff's research, the City of West Hollywood is the only city in the state to mandate that landlords accept reusable tenant screening reports meeting the requirements of AB 2559. No litigation concerning West Hollywood's ordinance has been filed as of the preparation of this report.

### **RECOMMENDATION**

Staff recommends that the City Council accept a report on options for the use of Reusable Tenant Screening Reports and requests direction to proceed with a program to reduce barriers in the Rental Application Process, inclusive of education and outreach, and authorize funding of a pilot rental application fee financial assistance program.

PREPARED BY:



Leilani Hines  
Housing and Neighborhood Services  
Director

SUBMITTED BY:



Jonathan Borrego  
City Manager

REVIEWED BY:

Jill Moya, Financial Services Director



ATTACHMENTS:

1. Summary of Assembly Bill 2559
2. Reusable Tenant Screening Report Flyer
3. City of West Hollywood Ordinance amending Title 17 of the West Hollywood Municipal Code relating to Reusable Tenant Screening Reports and other requirements





# CITY OF OCEANSIDE

NEIGHBORHOOD SERVICES DEPARTMENT / HOUSING

## Reusable Tenant Screening Reports

**AB 2559** Approved 09/13/2022 and Effective January 1, 2023.

Codified in California Civil Codes **§1950.1**

### **Problem Statement**

Almost 17 million people rent their homes in California, amounting to 44 percent of the state's population. The process of finding and applying to rent housing in California can be expensive. The maximum amount a landlord may charge for a screening fee is about \$59.67 per applicant today. The cumulative cost of these fees can add up for individuals who apply to multiple properties. Given the high demand for housing, applicants often need to apply to many properties, and pay multiple application fees, before having their application accepted. This is especially the case for applicants with a criminal history or history of evictions. Minority applicants are also burdened by application fees. Though existing law prohibits housing discrimination on the basis of race, numerous studies have documented that Black and Latino applicants are less likely to have a rental housing application accepted than equally-qualified white applicants. To overcome this bias, these groups need to submit multiple applications in order to increase the odds of finding suitable housing. For all these groups, a reusable screening report could provide financial relief by lowering the cost of applying for multiple properties due to multiple screening fees.

### **AB 2559**

#### **Reusable Tenant Screening Reports (RTSRs)**

Establishes criteria for the voluntary acceptance of reusable tenant screening reports (RTSRs) by landlords and specifies the applicant information that must be included in RTSRs. A landlord that accepts RTSRs may not charge either a fee for the landlord to access the report or an application screening fee.

**City of Oceanside – Housing and Neighborhood Services**  
**Summary of AB 2559-RTSRs, eff Jan 2023**

---

- Major Provisions**
1. Defines "reusable tenant screening report" as a consumer report that satisfies all of the following criteria:
    - a. Prepared within the previous 30 days by a consumer reporting agency at the request and expense of an applicant.
    - b. Made directly available to a landlord for use in the rental application process or is provided through a third-party website that regularly engages in the business of providing a reusable tenant screening report and complies with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency.
    - c. Available to the landlord at no cost to access or use.
  2. Requires a reusable tenant screening report to include all of the following information regarding an applicant:
    - a. Name
    - b. Contact information
    - c. Verification of employment.
    - d. Last known address.
    - e. Results of an eviction history check in a manner and for a period of time consistent with applicable laws related to the consideration of eviction history in housing.
  3. Requires a reusable tenant screening report to prominently state the date through which the information contained in the report is correct.
  4. Provides that a landlord may elect to accept reusable tenant screening reports and may require an applicant to state that there has not been a material change to the information in the reusable screening report.
  5. Provides that, despite existing law allowing a landlord to charge an applicant screening fee under specified conditions, if an applicant provides a reusable tenant screening report to a landlord that accepts reusable tenant screening reports, the landlord must not charge the applicant either a fee for the landlord to access the report or an application screening fee
-

## City of Oceanside - Housing and Neighborhood Services

### Summary of AB 2559-RTSRs, eff Jan 2023

---

**Support/Opposition** No support on file.

#### Arguments in Opposition

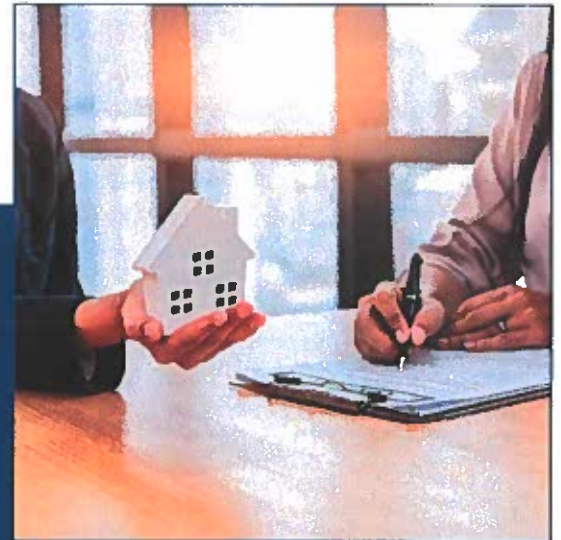
- A coalition of nonprofit organizations that work on housing, tenant protection, and criminal justice and reentry issues were opposed until the bill deleted a requirement criminal history information, including lookback periods, and requiring the eviction history information provided to comply with applicable law only.
  - California Rural Legal Assistance Foundation
  - ECHO Housing
  - Fair Housing Napa Valley
  - Inner City Law Center
  - Law Foundation of Silicon Valley,
  - Legal Aid Society of San Diego
  - National Housing Law Project
  - Western Center on Law and Poverty
  - Just Cities
  - Legal Services for Prisoners with Children
  - Root and Rebound
- The California Apartment Association, Southern California Rental Housing Association (San Diego County) and California Association of Realtors opposed the bill, unless amended, to clearly state that landlords use of reusable screening reports is entirely voluntary.

#### **Other Jurisdictions**

- Washington ([Wash. Rev. Code Section 58.19.257](#))
  - Maryland ([Md. Code Ann., Real Property Section 8-218](#))
  - West Hollywood (West Hollywood Municipal Code Title 17 - Rent Stabilization)
-



## Looking to Rent? Save money with a Reusable Tenant Screening Report (RTSR)



When prospective residents apply for rental housing, they may be asked by the owner of the property to pay for an application screening report to check credit, rental history, and to verify employment. This fee is paid each time a renter applies for an apartment or home, may be charged for each person over 18 years of age on the lease, and does not guarantee approval. These fees can add up to several hundreds of dollars before a prospective renter even gets approved to move into a new home. Before applying and paying the application fee, check their minimum requirements to rent and if they accept an RTSR.

### Cost of an Application Screening Fee

The application screening fee cannot exceed the landlord's actual costs of gathering information (price of the tenant screening service and any "soft" costs-landlord's time) or a total maximum fee of \$59.67 as of December 2022.



### Reusable Tenant Screening Reports

Renters can save money from paying for multiple screening reports and landlords can save time processing each applicant by using reusable tenant screen reports. It is the landlord's choice if they accept a RTSR and is not required. Check with the landlord about the acceptance of a RTSR during the application process.



- Ask for a receipt. Landlords must provide receipts and refund any unused money.
- An application fee is only charged when a rental unit is currently available or will be available soon. Everyone asking for an application for an available unit is able to apply (Fair Housing).
- Applicants have a right to see their consumer credit report and receive a copy if requested.



### Requirements for the RTSR

- Prepared within the previous 30 days by a consumer reporting agency.
- Made directly available to the landlord or through a third-party website.
- Available to the landlord at no cost or access to use.
- Needs to include each Applicant's name, contact information, verification of employment, last known address, and results of an eviction history check.

**THIS IS NOT LEGAL ADVICE, FOR MORE INFORMATION  
PLEASE CONTACT:  
LEGAL AID SOCIETY OF SAN DIEGO, INC.  
877-534-2425 · [HTTP://LASSD.ORG](http://LASSD.ORG)**



**(760) 435-3360**



**[housingmain@oceansideca.org](mailto:housingmain@oceansideca.org)**



**[www.OceansideHA.com](http://www.OceansideHA.com)**

## ORDINANCE NO. 23-\_\_\_\_\_

AN ORDINANCE OF THE CITY OF WEST HOLLYWOOD AMENDING TITLE 17 OF THE WEST HOLLYWOOD MUNICIPAL CODE RELATING TO ONSITE MANAGER AND POSTING REQUIREMENTS, A PROHIBITION AGAINST DOG BREED RESTRICTIONS, PENALTIES FOR FAILURE TO REGISTER, REUSABLE TENANT SCREENING REPORTS, THE DEFINITION OF PRINCIPAL RESIDENCE, AND PROTECTION AGAINST LOSS OF PARKING AS A HOUSING SERVICE

THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD DOES HEREBY ORDAIN AS FOLLOWS:

**SECTION 1: Findings.**

A. Properties subject to the rent limitations of Title 17 of the West Hollywood Municipal Code that contain 16 or more dwelling units are required, consistent with state regulation, to have an onsite manager when the owner does not reside upon the premises. In addition, such properties are currently required to post information related to the manager's business hours, emergency telephone numbers in properties with five or more units, and to maintain an onsite rent drop if provided at any time during the tenancy. Existing state regulations and the city's police powers permit and warrant an extension of these provisions of Title 17 to units not subject to the rent limitations of Title 17 in order to provide consistency among tenancies, ensure health, safety and adequate information thereto, implement Sections 6 and 42 of Title 25 of the California Code of Regulations, to prevent inadequate or untimely maintenance, and protect disabled tenants.

B. The City of West Hollywood has a long history of supporting measures that promote the protection of animals and animal rights and is often recognized as one of the most animal friendly cities in the nation. Animals have been proven to have positive impacts on the emotional, social, and physical wellbeing of their guardians. To promote that wellbeing, the City Council recently amended Title 17 of the West Hollywood Municipal Code to allow most tenants to have at least one dog, cat or bird of 35 pounds or less without being subject to eviction, unless such animal is creating a nuisance. Nonetheless, certain dog breeds are sometimes prohibited by some landlords, which prevents pet guardians from obtaining housing and keeping their housing, and furthermore, such prohibitions are inconsistent with contemporary understanding of why dogs may be dangerous. A recent study published in *Science*, a weekly, peer-

reviewed journal that publishes significant original scientific research, plus reviews and analyses of current research and science policy, concluded that breed offers only modest value for predicting behavior in individual dogs and breed is not predictive of how easily a particular dog is provoked by frightening, uncomfortable, or annoying stimuli. Furthermore, the state legislature at Health & Safety Code Section 122330(b) has made the specific finding that “no specific breed of dog is inherently dangerous or vicious.” Based on the foregoing, the City Council concludes that the outdated and incorrect view about particular dog breeds harms renters and their canine companions and therefore finds that prohibiting the practice of dog breed discrimination is warranted.

C. The City Council recently enacted a program of property and unit registration for buildings and tenancies not currently subject to the rent limitations of Title 17 of the West Hollywood Municipal Code. As part of this program, a landlord who fails to remain compliant with the registration and re-registration requirements is subject to a penalty under the City’s administrative citation program, which is authorized pursuant to Government Code Section 53069.4. In order to ensure consistency in the registration program, and to ensure that proper and timely registrations and re-registrations are being filed, the City Council finds that owners of rent stabilized properties who fail to remain in substantial compliance with registration and re-registration requirements should be subject to the same penalties. The City Council further finds that both rent stabilized and non-rent stabilized properties should be subject to the same standards for issuance of a citation, and although only applicable to rent stabilized properties under Civil Code Section 1947.7, all landlords shall be permitted an opportunity to come into substantial compliance with Title 17 registration requirements after receiving a notice of deficiency and chance to make a good faith attempt to comply with the registration and re-registration requirements before being assessed a penalty.

D. On September 13, 2022, Governor Newsom approved Assembly Bill No. 2559 which allows prospective tenants to rely upon a reusable tenant screening report (“RTSR”) that was prepared within the previous 30 days by a consumer reporting agency at the request and expense of the prospective tenant, is made directly available to the landlord for use in the rental application process or is provided through a third-party website that regularly engages in the business of providing RTSRs that are available to landlords and complies with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency, and is available to the landlord at no cost to access or use. Assembly Bill No. 2559 intends to remedy the burden on tenants who often are required to pay an application screening fee for each application for a rental, which may result in significant expenditures while seeking housing that they never obtain. The Bill prohibits a landlord from charging a prospective tenant a fee to access the RTSR or an application screening fee but allows voluntary, rather than mandatory, use by the landlord of an RTSR, if the prospective tenant is using one during the application process.



Assembly Bill No. 2559, however, specifically allows a local jurisdiction to provide greater protections to applicants. The City Council, therefore, finds that in order to protect tenants from exorbitant costs related to finding housing in the City, it is necessary to require landlords to accept an RTSR when a prospective tenant is able to provide a recent RTSR with sufficient, appropriate credit and background information during the rental application process.

E. Under existing law, a landlord may claim an exemption from the requirements of Title 17 when a rental unit is occupied by the landlord, or their spouse, parent, grandparent, brother, sister, or child (by blood or adoption) as their principal residence. Presently, however, there is no specific definition for what constitutes a "principal residence". Furthermore, evictions for owner-relative occupancies are currently allowed so long as there is a good faith intent to "reside" at the subject unit for at least one full year after the termination of the prior tenancy. Without additional guidance, disputes have arisen as to what constitutes actual residency. The City Council finds, therefore, that it is necessary to resolve ambiguity by setting forth a reasonable definition of what constitutes a principal residence.

F. The City Council has consistently recognized the importance of on-site, off-street parking as a housing service for residential tenancies and enacted a protection against its unilateral removal by a landlord. Landlords who engage in such conduct are subject to potential criminal liability and civil injunction. Recognizing that parking is sometimes removed due to lawful construction, particularly when adding accessory dwelling unit(s) to a property, the City Council subsequently excepted criminal penalties and civil injunctions when the loss of parking was due to such lawful construction. This exception was not intended to allow landlords to remove parking for long-term tenants in favor of new tenancies. Therefore, the City Council affirms that tenants who have lost their parking as a result of lawful construction be given a one-time right of first refusal when a parking space is available or becomes available as a result of a vacancy and is declarative of existing law.

**SECTION 2:** Subsection 4 (New Construction) of subsection (a) of Section 17.24.010 (Exempt Property) of Chapter 17.24 (Exempt Property) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is amended to read as follows:

4. New Construction. Dwelling units located in a structure that was first occupied after July 1, 1979 and for which a certificate of occupancy was first issued after July 1, 1979; except that such units shall not be exempt from the provisions of Chapters 17.30 and 17.52 and Sections 17.28.050, 17.28.060, 17.56.010(h) and, if a tenancy commenced in such units on or after March 24, 2022, 17.32.020.

i. If the new accommodations are located on a property where the accommodations were demolished after having been withdrawn from the rental

market under Section 17.52.010(15) and are offered for rent or lease within five years of the date of withdrawal, the new accommodations shall not be exempt from this title. This title shall apply to all rental units constructed on a formerly withdrawn property, regardless of the number of rental units withdrawn, except under the following circumstances:

(A) Inclusionary housing units, nonprofit housing accommodations, institutional facilities, government assisted or owned housing, and any other unit otherwise exempt under this title shall be exempt.

(B) New accommodations for which a planning permit application was deemed complete prior to July 20, 2016 shall be exempt.

ii. Units converted legally from a non-housing to a housing use shall qualify for this exemption; except that units created as a result of the conversion of existing residential rental units shall not be exempt from this title.

**SECTION 3:** Subsection 6 of subsection (h) of Section 17.56.010 (Maintenance Standards) of Chapter 17.56 (Maintenance Standards; Resident Manager Requirement; Posting of Business Hours; Posting of Emergency Telephone Numbers) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is amended to read as follows:

6. Violations of this subsections (h)(1), ~~(h)(3)~~ and ~~(h)(4)~~ are is subject to the administrative penalty provisions of Sections 1.08.030 through 1.08.070 of this code.

**SECTION 4:** Section 17.52.150 (Dog Breed Restrictions Prohibited) of Chapter 17.52 (Permissible Reasons for Permanently or Temporarily Terminating or Refusing to Renew Tenancy) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is added to read as follows:

**17.52.150 Dog Breed Restrictions Prohibited**

No specific breed of domesticated dog may be prohibited by a landlord when such pet is otherwise permitted under the terms of a tenancy or pursuant to local, state or federal law; provided, however, that no dog in possession of a tenant may interfere with the quiet enjoyment of the premises by other persons or otherwise constitute a nuisance or a threat to the health, safety or welfare of other persons residing in or having lawful access to the premises.

A landlord may apply for an exemption for a particular breed or breeds with the Department upon a showing of good cause that a current property insurance policy or, in the case of a separately alienable rental unit, the covenant, conditions, and restrictions would be violated if said breed or breeds were permitted at the property or rental unit.

**SECTION 5:** Subsection (e) (Violations) of Section 17.28.010 (Registration) of Chapter 17.28 (Registration, Posting and Disclosure) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is added to read as follows:

(e) *Violations.* Violations of this section are subject to the administrative penalty provisions of Sections 1.08.030 through 1.08.070 of this code; provided, however, that before a penalty will be assessed, a landlord is served by regular, first class mail with a notice of deficiency providing no less than fifteen (15) days in which to come into "substantial compliance" with this section as that term is defined in subsection (b) of Civil Code Section 1947.7.

**SECTION 6:** Subsection (f) of Section 17.28.050 (Registration of New Construction and Other Separately Alienable Residential Rental Units) of Chapter 17.28 (Registration, Posting and Disclosure) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is amended to read as follows:

(f) *Violations.* Violations of this section are subject to the administrative penalty provisions of Sections 1.08.030 through 1.08.070 of this code; provided, however, that before a penalty will be assessed, a landlord is served by regular, first class mail with a notice of deficiency providing no less than fifteen (15) days in which to come into "substantial compliance" with this section as that term is defined in subsection (b) of Civil Code Section 1947.7.

**SECTION 7:** Section 17.52.160 (Reusable Tenant Screening Reports) of Chapter 17.52 (Permissible Reasons for Permanently or Temporarily Terminating or Refusing to Renew Tenancy) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is added to read as follows:

**17.52.160 Reusable Tenant Screening Reports**

(a) *Definitions.* For the purposes of this section, the following definitions shall apply:

(1) "Applicant" means any individual who makes a request to a landlord or their agent to rent or lease a rental unit, or an entity or individual who agrees to act as a guarantor or cosignor on a rental or lease agreement.

(2) "Application screening fee" means any nonrefundable payment of money charged by a landlord or their agent to an applicant, the purpose of which is to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of a rental unit.

(3) "Comprehensive reusable tenant screening report" means a reusable tenant screening report that includes all of the following information regarding an applicant:

(i) Name;

(ii) Contact information;

(iii) Verification of employment;

(iv) Last known address;

(v) Results of an eviction history check in a manner and for a period of time consistent with applicable law related to the consideration of eviction history in housing;

(vi) Criminal history information;

(vii) Credit report and score; and

(viii) Date report was created.

(4) "Consumer report" has the same meaning as defined in Section 1681a of Title 15 of the United States Code.

(5) "Consumer reporting agency" means a person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties and that uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports.

(6) "Reusable tenant screening report" means a consumer report that meets all of the following criteria:

(i) Was prepared within the previous thirty (30) days by a consumer reporting agency at the request and expense of an applicant;

(ii) Is made directly available to a landlord for use in the rental application process or is provided through a third-party website that regularly engages in the business of providing a reusable tenant screening report and complies with all state and federal laws pertaining to use and disclosure of information contained in a consumer report by a consumer reporting agency; and

(iii) Is available to the landlord at no cost to access or use.

(b) A landlord shall accept a comprehensive reusable tenant screening report from an applicant; provided, however, that the landlord may require the applicant state or affirm that there has not been a material change to the information contained in the report.

(c) A landlord may accept a reusable tenant screening report that does not meet the requirements of a comprehensive reusable tenant screening report.

(d) If an applicant provides the landlord with a reusable tenant screening report pursuant to subsections (b) or (c) of this section, the landlord shall not charge the applicant either of the following:

(1) A fee for the landlord to access the report; or

(2) An application screening fee.

(e) This section does not affect any other applicable law related to the consideration of criminal history information in housing, including, but not limited to, Article 24 (commencing with Section 12264) of Subchapter 7 of Chapter 5 of Division 4.1 of Title 2 of the California Code of Regulations and any provision of law governing the information that landlords may review and consider when determining to whom they will rent.

(f) Violations of this section are subject to the administrative penalty provisions of Sections 1.08.030 through 1.08.070 of this code.

**SECTION 8:** The alphabetical list of definitions Section 17.08.010 (Definitions) of Chapter 17.08 (Definitions) of Title 17 (Rent Stabilization) is amended to add the following definition in alphabetical order to read as follows:

"Principal residence" is that dwelling unit in which habitation is fixed, wherein the person has the intention of remaining, and to which, whenever he or she is absent, the person has the intention of returning. At a given time, a person may have only one principal residence. In determining whether a person occupies a dwelling unit as a principal residence the following factors shall be considered: (i) whether the person carries on basic living activities at the dwelling unit; (ii) the amount of time that the person spends at any other dwelling unit; (iii) whether the person is a registered voter at the dwelling unit; (iv) whether the person maintains utility services in their name at the dwelling unit; (v) whether the person's vehicle registration, driver's license or identification card contains the address of the dwelling unit; (vi) whether the person receives mail at the dwelling unit; and (vii) any other relevant factors.

**SECTION 9:** Subsection (a) (One-Year Residency) of subsection 12 (Owner or Relative Occupancy) of Section 17.52.010 (Grounds for Termination) of Chapter 17.52 (Permissible Reasons for Permanently or Temporarily

Terminating or Refusing to Renew Tenancy) of Title 17 (Rent Stabilization) is amended to read as follows:

(a) One-Year Residency. The person in good faith intends to ~~reside in~~ occupy the unit as their principal residence for at least one full year after termination of the tenancy. If the landlord, or any parent, grandparent, brother, sister, child, grandchild (by blood or adoption) or the landlord's spouse moves into a unit and occupies it for more than thirty consecutive days during the first six months following termination of tenancy and relocation fees were not paid to the prior tenant, payment of such fees are required if the tenant vacated the unit under the following circumstances:

- (i) The landlord noticed a rent increase for the unit;
- (ii) The new rental rate set forth in the notice exceeded the prevailing market rental rate for similar units in the vicinity;
- (iii) The amount by which the new rental rate exceeded such prevailing market rental rate is so great that no reasonable tenant, absent extraordinary circumstances, would pay the new rental rate; and
- (iv) The noticing of the new rental rate caused the tenant to terminate the tenancy prior to the new rental rate taking effect.

**SECTION 10:** Subsection g of Section 17.52.120 (Removal of Parking Prohibited) of Chapter 17.52 (Permissible Reasons for Permanently or Temporarily Terminating or Refusing to Renew Tenancy) of Title 17 (Rent Stabilization) is added to read as follows:

g. When the removal of a parking space is necessary to comply with any government order or Section 19.36.310 of this code, the landlord shall provide a one-time right of first refusal to the tenant who had their parking eliminated to obtain the next on-site, off-street parking space or spaces that are either available when the parking space is eliminated or become available following the first vacancy of a rental unit that included on-site, off-street parking. In the event that multiple tenants have their parking eliminated, the order of offering the right of first refusal to obtain on-site, off-street parking space(s) shall be based on the following order of precedence: (i) disabled tenants based on the seniority of the tenancy; (ii) senior citizen tenants based on the seniority of the tenancy; and (iii) seniority of the tenancy for all other tenants.

A landlord's failure to provide a one-time right of first refusal to obtain available parking pursuant to this subsection shall subject the landlord to all of the available remedies set forth under subsection (b) of this section.

**SECTION 11:** Subsection h of Section 17.52.120 (Removal of Parking Prohibited) of Chapter 17.52 (Permissible Reasons for Permanently or



Temporarily Terminating or Refusing to Renew Tenancy) of Title 17 (Rent Stabilization) is added to read as follows:

h. In addition to the remedies set forth under subsection (b) of this section, violations of this section are subject to the administrative penalty provisions of Sections 1.08.030 through 1.08.070 of this code.

**SECTION 12: Severability.** If any section, subsection, sentence, clause, phrase or word of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the remaining provisions of this ordinance.

**SECTION 13: CEQA.** The City Council finds that adoption and implementation of this ordinance is not a "project" for purposes of the California Environmental Quality Act (CEQA), as that term is defined by CEQA guidelines (Guidelines) section 15378(b)(5). Alternatively, this ordinance is exempt from CEQA pursuant to 15061(b)(3), because it has no potential for causing a significant effect on the environment.

**SECTION 14: Effective Date.** This ordinance shall take effect 30 days after its passage and adoption pursuant to California Government Code section 36937.

PASSED, APPROVED AND ADOPTED THIS \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Sepi Shyne, MAYOR

ATTEST:

\_\_\_\_\_  
Melissa Crowder, City Clerk