

ORDINANCE NO. 3671 C.S.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

ESTABLISHING A RENTAL INVENTORY AND REQUIRING REGISTRATION OF ALL RESIDENTIAL RENTAL PROPERTIES WITHIN THE CITY OF MONTEREY BEGINNING JANUARY 1, 2024

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, pursuant to Article XI, Section 7 of the California Constitution, the City of Monterey ("City") has broad authority to maintain the public peace, health and safety of its community and preserve the quality of life for its residents and may make and enforce all regulations and ordinances using its police powers to do so;

WHEREAS, the City, with direction from the City Council, has developed goals, objectives, policies, and action programs that directly address the City's housing needs;

WHEREAS, according to the Monterey County Analysis of Impediments of Fair Housing Choice, published in 2019, 65.9 percent of housing units in the City are occupied by renters, who are an essential part of the City's community and workforce;

WHEREAS, the City does not currently track residential rents, and there is no current source for obtaining that information specific to the City, making it difficult to ascertain the effect of rents and housing conditions on the potential displacement of residents;

WHEREAS, the City Council convened study sessions on September 29, 2021 and April 18, 2023 to discuss tools to address gaps in information necessary to address housing conditions and housing affordability in the City;

WHEREAS, the City Council directed staff to prepare an ordinance for City Council consideration that would require owners of residential rental properties to provide the City with information annually regarding the character and other information regarding Rental Units, including optional information that could include the rent level of the Rental Units;

WHEREAS, City staff held a community meeting about the rental housing inventory on May 30, 2023, and will continue to collaborate with a variety of stakeholders, including but not limited to property owners, property managers, realtors, tenants and tenant advocates, to identify opportunities to collect data;

WHEREAS, the City Council finds and determines the Rental Inventory Ordinance, codified in Chapter 8 of the City Code, is adopted pursuant to the City's police power to protect to the public health, safety and welfare; and

WHEREAS, approval of this ordinance is exempt from environmental review under the general rule in California Environmental Quality Act ("CEQA") Guidelines Section 15061(b)(3).

The activity is covered by the general rule which exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2: The above recitals are true and correct and are hereby incorporated and adopted as findings of the City Council as fully set forth herein.

SECTION 3: The title to Monterey City Code, Chapter 8, is hereby renamed "Housing".

SECTION 4: Monterey City Code, Chapter 8, Article 1, Sections 8-1 through 8-7 are hereby renumbered sequentially as Sections 8-1.00 through 8-1.06.

SECTION 5: Monterey City Code, Chapter 8, Article 2 is hereby added to read as follows:

ARTICLE 2. – RENTAL INVENTORY

§ 8-2.00 – FINDINGS AND PURPOSE

A. Findings. The City Council finds and declares as follows:

1. The City has a substantial government interest in regulating the relationship between Landlords and Tenants to increase certainty, stability and fairness within the rental market.
2. The Ordinance codified in this Chapter is being adopted pursuant to the City's police power authority to protect the public health, safety, and welfare.

B. Purpose.

The purpose of this Article is to adopt regulations for Landlords to register their rental units and provide other information to the City on an annual basis. The registration process will allow the City to collect, monitor and analyze the characteristics of the rental units and actual rents in Monterey. This data will be available to the City Council to inform future policy decisions about the regulation of the rental market in Monterey. The registration fees collected pursuant to this Article will be used to fund the creation and maintenance of the rental inventory as well as to provide services, including referrals to mediation and legal services, education opportunities, and landlord/tenant resources, to Landlords and Tenants in the City. This Article supports the City's housing goals and protects public health, safety, and welfare for Monterey residents. This Article and its implementation are intended to protect the privacy of individual Tenants and the proprietary information of Landlords, the public release of which could result in a competitive disadvantage.

§ 8-2.01 – DEFINITIONS

A. "City" means the City of Monterey.

- B. "Community Development Director" means the director of the Community Development Department of the City of Monterey or their designee. A designated representative may include City staff and/or a party or organization contracted by the City to provide the necessary services to implement the procedures contained in this Article.
- C. "Department" means the Community Development Department of the City of Monterey.
- D. "Effective Date" of this Article shall be January 1, 2024.
- E. "Housing Service Charges" means any charges for laundry facilities and privileges, janitor services, refuse removal services, furniture, furnishings, parking, pets, and any other amenity, benefit, privilege, or facility connected with the use or occupancy of any Rental Unit.
- F. "Landlord" means an owner, lessor, or sublessor of residential real property who receives or is entitled to receive Rent for the use and occupancy of a Rental Unit or a portion thereof, and includes any legal entity or other individuals, employees, agents, contractors, and subcontractors that comprise or represent the Landlord.
- G. "Owner" means any Owner of Record, corporation, limited liability company or other corporate or business entity, or separate entities in which any shareholder, partner, member, or family member of an investor in the entity owns ten percent (10%) or more of the interest in the Rental Unit.
- H. "Owner of Record" means a natural person, who is the owner of record holding an interest equal to or greater than thirty-three percent (33%), but not including any lessor, sublessor, or agent of the owner of record.
- I. "Principal Residence" means the Owner of Record's usual place of return. To classify a unit as an Owner of Record's Principal Residence does not require the Owner of Record to be physically present in the unit at all times or continuously, but does require that the unit be where the Owner of Record actually resides a majority of the time. Factors that are indicative of Primary Residence include but are not limited to:
 - 1. The Owner of Record carries on basic living activities at the subject premises for extended periods;
 - 2. The subject premises are listed with public agencies, including but not limited to federal, state and local taxing authorities, as the Owner of Record Principal Residence;
 - 3. Utility Charges and other charges and fees associated with usage of the structure are billed to and paid by the Owner of Record at the subject premises;

4. The Owner of Record does not file for a homeowner's tax exemption for any different property;
 5. Ownership is held in the name of the Owner of Record claiming Principal Residence and not by a limited liability corporation or other corporate or business entity.
- J. "Rent" means a fixed period compensation paid by a Tenant at fixed intervals to a Landlord for the possession, use, and occupancy of a Rental Unit as defined by the Rental Agreement between the Landlord and the Tenant. Rent excludes pass-through costs and ancillary costs paid separately to the Landlord for parking, storage, utilities, water, garbage, or any other fee or charge associated with the Rental Unit.
- K. "Rental Housing Agreement" means an agreement, oral, written, or implied, between a Landlord and Tenant for use or occupancy of a Rental Unit and any attendant housing services.
- L. "Rental Inventory Fees" means the fee required to be paid by a Landlord pursuant to Section 8-2.03 of this Article.
- M. "Rental Inventory Information" means the information required to be submitted to the City by the Landlord of a Rental Unit pursuant to this Article.
- N. "Rental Unit" means a habitable structure offered for Rent and used as a place of permanent or customary and usual abode of a Tenant. Rental Unit includes a room in dwelling unit that is shared with the Landlord, a single-family residence, an accessory dwelling unit, a junior accessory dwelling unit, a condominium or other unit in a common interest development, a mobilehome or manufactured home, a building, a group of buildings or portion of a building used and/or designed as dwellings. A Rental Unit shall not include:
1. Housing accommodations in a visitor accommodation facility, group housing, supportive housing, transitional housing, general residential care and bed and breakfasts as those terms are defined or used in the City's Zoning Ordinance.
- O. "Security Deposit" means any payment, fee, deposit, or charge, including but not limited to, an advance payment of rent, used or to be used for any purpose, including but not limited to the compensation of an owner for a tenant's default in payment of rent, the repair of damages to the premises caused by the tenant, or the cleaning of the premises upon termination of the tenancy exclusive of normal wear and tear.
- P. "Tenant" means any renter, tenant, subtenant, lessee or sublessee of a Rental Unit, or any group of renters, tenants, subtenants, lessees or sublessees of a Rental Unit, or any

other person entitled to the possession, use and/or occupancy of such Rental Unit, or any successor of any of the foregoing.

- Q. "Utility Charges" means any charges for gas, electricity, water, garbage, sewer, telephone, cable, internet, or other service relating to the use and occupancy of a Rental Unit.

§ 8-2.02 – REGISTRATION OF RENTAL UNITS

- A. Initial Registration. A Landlord must register every Rental Unit that is subject to the provisions of this Article, or file a claim of exemption pursuant to Section 8-2.02(D), within sixty (60) days of the Effective Date of this Article. Landlords shall complete the Registration on forms provided by the City. The forms provided by the City may include a secure internet website with an interface for submitting the information required by this Article. Registration is complete only when all required information has been provided to the City and all outstanding fees and penalties, if applicable, have been paid. Upon completion of the initial registration of a Rental Unit, the City shall issue a registration statement, which shall include the renewal date for the registration of the applicable units. The City may issue an administrative citation and impose a late penalty should a Landlord fail to register their Rental Unit(s), or file a claim of exemption, within sixty (60) days of the Effective Date of this Article.
- B. Registration Renewal. Unless a registration statement provides otherwise, registration of the Rental Units shall expire on June 30th of the year following the issuance of a registration statement. Registration of Rental Units shall be renewed annually. Payment is due to the City of Monterey on July 1st each year. The City may issue an administrative citation and impose a 20% late penalty on August 15th, and an additional penalty of 10% on the 15th of each month thereafter until the fee and penalty are paid; provided that the amount of such penalty to be added shall in no event exceed 50% of the amount due should a Landlord fail to register their Rental Unit(s) by 12:00 midnight on August 15th of each year.
- C. Rental Inventory Information. At minimum, the following information below shall be provided as part of initial and renewal registration of a Rental Unit. Failure to provide information required or providing false information shall be a violation of the Monterey City Code and enforceable as set forth in Section 8-02.05.
1. The name, address, and phone number of the Landlord, including any on-site or off-site property manager or property management company;
 2. The street address and/or Assessor's Parcel Number (APN) of each Rental Unit for rent or lease;
 3. The year the property was built and the number of Rental Units on the property;
 4. The number of bedrooms and bathrooms in each Rental Unit, including square footage, for rent or lease;

5. The occupancy status of each Rental Unit (e.g., vacant or occupied) and reason for vacancy, if applicable;
 6. For each occupied Rental Unit, the current amount and date of the monthly rent received for each Rental Unit, identifying whether the monthly rent includes Utility Charges and Housing Service Charges;
 7. For a Rental Unit in a condominium or other common interest development, the amount of the homeowners' association fees, regular and/or special assessments, or other similar charges paid to an association;
 8. Whether or not the Tenant receives a housing voucher or other rental subsidy;
 9. Any other information deemed necessary by the Community Development Director to implement the provisions of this Article.
- D. **Exemptions.** Any Owner who owns and manages three (3) or fewer Rental Units within the boundaries of the City and who has filed a claim for exemption with the City is exempt from the registration requirements established by this Section 8-2.02 and from the payment of Rental Inventory Fees required by Section 8.2-03.
1. Termination of Exemption. When a Rental Unit that was exempt from this Article becomes governed by this Article for the first time, the Landlord must register the Rental Unit with the City within thirty (30) days after the exemption has ended.
- E. Registration Amendment. A Landlord shall notify the City if there is a change to the registration information for any Rental Unit within thirty (30) days of the change. Changes that are subject to the registration amendment requirement include:
1. A change in a Rental Unit's ownership or management, or a change in the owner's or manager's contact information;
 2. A rent increase for any Rental Unit, including the amount of the rent increase and the effective date of the rent increase; and
 3. A change in the occupancy status of a Rental Unit, including the reason for which the prior tenancy was terminated.
- F. Administrative Regulations. The Community Development Director may promulgate administrative regulations to implement the provisions of this Chapter.
- G. Rental Inventory Database. The City anticipates that Rent Inventory Information will be kept in a Rental Inventory Database. The database containing Rent Registry Information shall be created and maintained such that it can generate reports for the City's internal use.
1. Public Database. The Community Development Director, or their designee, shall add a publicly accessible portion of the Rental Inventory Database for the purposes of providing the public with information about Rental Units in the City. The public database shall show the following information:

- a. The street address and/or Assessor's Parcel Number (APN) of each Rental Unit for rent or lease;
 - b. The year the property was built and the number of Rental Units on the property;
 - c. The number of bedrooms and bathrooms in each Rental Unit, including square footage, for rent or lease;
 - d. The occupancy status of each Rental Unit (e.g., vacant or occupied); and
 - e. For each occupied Rental Unit, the total current amount of monthly rent received for the Rental Unit.
 - f. The number of exemptions claimed under Section 8-2.02(D)
 2. Confidential Rental Inventory Information. The City Council recognizes that some of the Rental Inventory Information constitutes Personal Identifying Information (PII) or proprietary information of a Landlord that could create a competitive disadvantage for every Landlord required to comply with this Chapter. The City Council also recognizes that the Public Records Act (Government Code §§ 6250, et seq.) generally requires that the City make available to the public information in its possession that relates to the conduct of the public's business. The Public Records Act contains several exceptions intended to protect the privacy of individuals and the proprietary information of businesses that is in the City's possession only because of a legal requirement to provide it to the City in connection with a regulatory program. Except for the Rental Inventory Information enumerated in Section 8-2.02(G)(1) the City Council declares that all other Rental Inventory Information shall be received in confidence, and that the public interest in nondisclosure of such Rental Inventory Information clearly outweighs the public interest in disclosure.
 3. Other Reports. The Community Development Director may generate additional reports from the Rental Inventory Information database for the purposes of this Chapter. Such reports shall be released to the public only if kept in the normal course of City business and only after redacting any Rental Inventory Information that would improperly intrude into personal privacy of Tenants or reveal Landlord proprietary information that could result in a competitive disadvantage.
 4. Legal Disclosure Required. The Community Development Director, in consultation with the City Attorney, may authorize the release of other Rental Inventory Information that would be otherwise confidential if they determine that the release is legally required or the public interest in disclosure clearly outweighs the public interest in nondisclosure.
- H. Annual Review and Report. The Community Development Director shall annually prepare a report to the City Council assessing the effectiveness of the program

established and this Chapter and may recommend changes based on the findings made in the report.

§ 8-2.03 – RENTAL INVENTORY FEES

- A. Rental Inventory Fees. A Rental Inventory Fee shall be imposed annually for each Rental Unit owned by the Landlord. Each Landlord shall pay the required Rental Inventory Fees upon registration of their Rental Unit(s). The City Council shall set the Rental Inventory Fee on a per Rental Unit basis and the fee shall be adopted and integrated into the City's Master Fee Schedule by resolution of the City Council, as required by Section 19-103 of Article 4 (Fee and Service Charge Revenue/Cost Comparison System) of Chapter 19 (Licenses, Fees and Charges) of the Monterey City Code. The Rental Inventory Fee required by this section is in addition to and not in lieu of any general business license tax that might be required by Chapter 19 of the Monterey City Code. The fees shall be used to defray the reasonable costs associated with the implementation and administration of this Chapter, including costs of maintenance of a rent inventory database, enforcement of the registration required by Chapter, outreach, education, and other services as deemed appropriate by the Community Development Director pursuant to Section 8-2.0 of this Chapter.
- B. Late Fees; Penalties. A Landlord's failure to pay the annual Rental Inventory Fees required by this section shall result in the City taking the following actions:
1. Issue a delinquency notice to the owner that provides up to thirty (30) days to pay the amount due.
 2. If not paid within thirty (30) days following the issuance of the delinquency notice, the City shall assess a penalty of ten (10) percent of the Rental Inventory Fee, due and payable with the Rental Inventory Fee on the first day of the month following the due date provided in the delinquency notice.
 3. For every thirty (30) days thereafter that the Rental Inventory Fees remain unpaid, the City shall assess a penalty of ten (10) percent of the Rental Inventory Fee. If the Rental Inventory Fees remain unpaid within one-hundred eighty (180) days following the issuance of the delinquency notice, the Landlord shall be subject to a citation described in in Division 1 (Administrative Citations) of Article 2 of Chapter 1 – General Provisions of the Monterey City Code.

The City may collect any past due Rental Inventory Fees and/or late payment penalties by use of all available legal means, including, but not limited to, means available for the collection of judgments, liens, and actions for recovery of money. The City also may recover its collection costs.

- C. Rental Inventory Fees Pass-Through. A Landlord may recover up to fifty percent (50%) of the Rental Inventory Fee, excluding any associated late penalties, from their Tenant(s).

1. Notice Required. A Landlord who purports to recover any portion of the Rental Inventory Fee from their Tenant(s) shall provide the Tenant(s), on a form created and published by the City, with thirty (30) days' advance written notice of the dollar amount of the Rental Inventory Fee to be recovered, an explanation of the Rental Inventory Fee and a summary of the services to which the Tenant has access pursuant to Section 8-02.04 of this Chapter.
2. Separate Line Item. To the extent that a Landlord provides a Tenant with a monthly rental statement, the Landlord shall list the Rental Inventory Fee as a separate line item on the rental statement for the month(s) during which the Landlord seeks to recover the Rental Inventory Fee from the Tenant.

D. Exemptions. This section shall not apply to the following Rental Units:

1. *Subsidized Rental Units.* Rental Units in the housing developments are restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable to persons and families or very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.
2. *Mobile Home Spaces.* A lot or space of land in a Mobile Home Park where a Mobile Home is or may be located. Mobile Home and Mobile Home Park shall have the same meaning as the definitions of "mobilehome" defined in Section 798.3 of the Civil Code and "mobile home park" defined in Section 798.4 of the Civil Code, respectively, as those sections may be amended from time to time, or their successor code sections.
3. *Accessory Dwelling Units.* Legal accessory dwelling units, junior accessory dwelling units, and second dwelling units, if the primary dwelling is owner-occupied. If the primary dwelling is presently or has previously been held out for rental, then both units are subject to this Section 8-2.03.
4. *Owner-Occupied Residences.* Any residential dwelling unit where the Owner of Record occupies the dwelling unit as their Principal Residence, rents out one (1) or more bedrooms in the dwelling unit, and regularly shares in the use of kitchen or bath facilities with the tenants.
5. *Small Property Owner Exemption.* Any Rental Unit that is exempt from the registration requirements pursuant to subsection (D) of Section 8.2-02 above.

§ 8-2.04 – PROVISION OF SERVICES

- A. In addition to being used for the administration and enforcement of the rental registration requirement, the Rental Inventory Fees provided for in Section 8-2.03 of this Article shall be used by the Community Development Director for the provision of services to

Landlords and Tenants in the City. These services may include, without limitation, the following:

1. A website dedicated to landlord/tenant services and resources;
2. Hotline and email dedicated to addressing landlord/tenant issues;
3. Referrals to mediation and/or legal services;
4. Education and outreach to landlords and tenants, such as handouts, mailings, workshops and webinars, about rights and obligations; and
5. Any other services for Landlords and Tenants as deemed appropriate by the Community Development Director.

§ 8-2.05 – ENFORCEMENT

- A. Notwithstanding Section 1-7 of the Monterey City Code, a violation of any provision of this Chapter or a failure to comply with any of the requirements of this Chapter shall not, under any circumstance, constitute a misdemeanor or infraction subject to the penalties prescribed in Section 1-7 of the Monterey City Code.
- B. In addition to any other remedies or penalties available to the City, in law or equity, the City may enforce the terms of this Article through the administrative citation procedures provided in Division 1 (Administrative Citations) of Article 2 of Chapter 1 – General Provisions of the Monterey City Code.
- C. The City Attorney may bring a civil action to seek redress for any violation(s) under this Chapter on behalf of the City. In any such relief, the City shall recover all civil penalties prescribed in Division 1 (Administrative Citations) of Article 2 of Chapter 1 – General Provisions of the Monterey City Code, and any other relief the court deems proper.
- D. A Landlord's failure to comply with any of the requirements of this Chapter, including but not limited to, the failure to register their Rental Unit(s) as required by Section 8-02.02 or to pay the Rental Inventory Fees as required by Section 8-02.03, or any administrative regulations promulgated hereunder shall constitute a complete affirmative defense to an unlawful detainer or other action instituted by the Landlord to recover possession of the Rental Unit from a Tenant.
- E. A Tenant may enforce the provisions of this Chapter, or any administrative regulations promulgated hereunder, by means of a civil action. The burden of proof in such cases shall be a preponderance of the evidence. A Landlord who violates any of the provisions of this Chapter shall be liable for civil damages for each provision of this Chapter that the Landlord violates, and for each instance in which the Landlord violates a provision of this Chapter. The court may also award a prevailing Tenant reasonable attorneys' fees and costs to the extent allowed by law, punitive damages, and any such other relief the court deems proper.

- a. Notwithstanding the foregoing, a Tenant shall be prohibited from bringing a civil action under this Section 8-2.05(E) unless the Tenant is able to demonstrate that prior to filing the action, the Tenant provided the Landlord with at least thirty (30) days' written notice of the Tenant's belief that the Landlord is in violation of the provision(s) of this Chapter and/or the administrative regulations and of the Landlord's potential civil liability for failure to comply and that the Landlord continued to fail to comply with said provision(s) for at least thirty (30) days after receipt of the Tenant's notice.

§ 8-2.06 – EXPIRATION OF ARTICLE

A. This Article shall remain in effect only until January 1, 2029, and as of that date is repealed, unless the City Council takes all necessary actions to renew this Article prior to that date.

SECTION 7: If any section, subsection, sentence, clause or phrase of this Article is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter.

SECTION 8: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

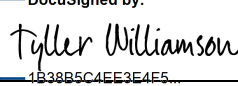
SECTION 9: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 7th day of November, 2023, by the following vote:

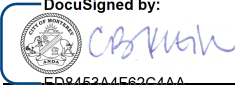
AYES:	4	COUNCILMEMBERS:	Barber, Garcia, Haffa, Williamson
NOES:	1	COUNCILMEMBERS:	Smith
ABSENT:	0	COUNCILMEMBERS:	None
ABSTAIN:	0	COUNCILMEMBERS:	None

ATTEST:

APPROVED:

DocuSigned by:

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 Mayor of said City

DocuSigned by:

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 City Clerk thereof