City of Culver City

Staff Report

File #: 26-81, **Version:** 2 **Item #:** A-2.

SHHS: ACTION ITEM - Discussion and Direction on Establishing a Minimum Threshold on Rent Owed to Evict Tenants and a Ban on Algorithmic Rent Setting

Meeting Date: October 7, 2025

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Fiscal Impact: Yes [] No [X] **General Fund: Yes [] No [X]**

Attachments: Yes [] No [X]

Public Notification: (E-Mail) Meetings and Agendas - Housing and Homelessness Subcommittee (10/02/2025)

Department Approval Name, Title Date: Tevis Barnes, Housing and Human Services Director (10/02/2025)

RECOMMENDATION

Staff recommends the Council Standing Housing and Homelessness Subcommittee discuss and provide direction on whether to establish a minimum threshold of rent owed by a tenant before a landlord may move forward to evict a tenant and whether to research a ban on algorithmic rent setting.

BACKGROUND

On March 3, 2025, the City Council gained consensus to place a discussion on the agenda related to establishing a minimal evictable rent debt and banning algorithmic rent setting as part of the Rent Control and Tenant Protections Ordinances.

DISCUSSION

Current Regulations

For rental units subject to the City's Rent Control Ordinance (RCO), which applies to parcels of two or more rental units built on or before February 1, 1995, a landlord may set the initial rent without restriction, except in the following circumstances:

- The vacancy was the result of conduct of the landlord or the landlord's agent, which

constituted harassment prohibited by the RCO or other applicable law, constructive eviction, or a breach of the covenant of quiet enjoyment of the property; or

- The vacancy was the result of an eviction of a tenant within the first 12 months of tenant's occupancy of the rental unit.

Upon setting the initial rent, landlords may not increase the rent beyond the Maximum Permissible Rent Increase, which limits rent increases to no more than 2-5% annually, once within a 12-month period. The most recently announced Maximum Permissible Rent Increase is 3.25% for all increases that will take effect between November 1-30, 2025. These restrictions do not apply to rental units that are not subject to the City's RCO, such as single-family homes, townhomes, and condominiums.

The Tenant Protections Ordinance (TPO) outlines a specific set of reasons that a tenancy may be terminated when a tenant has resided in a unit for 12 months or more. These reasons are categorized as For Cause, where a tenancy is terminated due to actions generally at the fault of a tenant, and No Fault, where the termination is due to no cause by the tenant, but instead, the landlord seeking to recover the rental unit for an allowable reason. Tenants who are evicted due to No Fault reasons are typically entitled to permanent relocation assistance. The set of reasons include the following:

For Cause

- Failure to pay rent
- Breach of the rental agreement
- Failure to provide reasonable access to unit
- Tenant's use of the rental unit to create a nuisance or for an illegal purpose
- Tenant was the resident manager who has been terminated and was provided the unit as a term of employment

No Fault

- Demolition
- Removal from the rental market
- Landlord or an eligible family member's occupancy
- Compliance with a deed or regulatory restriction
- Compliance with a government order necessitating the vacancy

Neither the RCO or TPO address a minimum rent owed before a landlord may move forward with an eviction on the tenant or restrict a landlord from setting initial rents, except for in the specified circumstances related to how a unit became vacant.

Minimum Evictable Rent

Some cities with rent control and tenant protections establish a minimum threshold for evictable rent debt, which means tenants who owe less than the threshold cannot be evicted for nonpayment of rent. For instance, effective March 27, 2023, City of Los Angeles landlords may not evict a tenant who falls behind in rent unless the tenant owes an amount higher than the Fair Market Rent (FMR). The FMR depends on the bedroom size of the rental unit. As reported on the Los Angeles Housing Department website (https://housing.lacity.gov/renter-protections-2), the fair market rent for a 1-

bedroom apartment is $2,081 and for a 2-bedroom apartment is $2,601 for FY 2025.

Algorithmic Rent Setting

The use of automated rental pricing software, also known as algorithmic rent-setting tools, has grown across the United States. These systems use proprietary algorithms to set or recommend rental prices based on market data and nonpublic information shared among large landlords and property managers. The software uses an algorithm to develop a recommended rental rate based on private information from tenants and rental rates in the area.

Several cities across the U.S. have regulated or banned automated rent-setting tools: San Francisco became the first city in the nation to ban the use and sale of software that leverages nonpublic competitor data to influence rents and occupancy levels. The ordinance allows for local enforcement and gives renters a private right of action if they are harmed by the technology. San Diego and Santa Monica have likewise adopted ordinances banning both the sale and use of algorithmic rental price fixing. The Santa Monica ordinance allows tenants to use algorithmic pricing violations as an affirmative defense in eviction proceedings and permits civil enforcement actions by affected renters or the city.

FISCAL ANALYSIS

None

ATTACHMENTS

None

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