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January 13, 2026

California Court of Appeal
Second Appellate District, Division 7
300 S Spring St.
2nd Floor, North Tower
Los Angeles, CA 90013

Re: Apartment Association of Los Angeles County, Inc. v. City of Los Angeles (Case No. B336071)

To Presiding Justice Martinez, Justice Feuer, and Justice Stone,

This Court invited the parties to file supplemental letter briefs on the effect of *California Apartment Association v. City of Pasadena* (Dec. 18, 2025, B329883) _ Cal.App.5th _ (2025 WL 3676957) (“*CAA v. Pasadena*” or “Opinion”) on the issues this case presents. *CAA v. Pasadena* held that the Costa-Hawkins Rental Housing Act preempts Pasadena’s relocation assistance requirement by “financially penaliz[ing]” landlords who raise the rent. (Opn. at *26.) AAGLA will likely argue that this decision bars the City of Los Angeles’s ordinance requiring relocation assistance when a landlord’s extreme rent increase causes a tenant to leave their home. However, because *CAA v. Pasadena*’s holding on this issue implicitly finds a conflict between two state statutes that could otherwise be harmonized, the City of Los Angeles (City) asks this Court to exercise its discretion to rehear *CAA v. Pasadena* on the limited issue of whether the Costa-Hawkins Act preempts

Pasadena’s relocation fee requirement.¹ For this reason, this Court should not apply *CAA v. Pasadena*’s holding to AAGLA’s challenge to Los Angeles’s relocation fee requirement.

CAA v. Pasadena’s holding that Costa-Hawkins preempts Pasadena’s relocation fee requirement creates a conflict between the Tenant Protection Act of 2019 (Civ. Code, §§ 1946.2 & 1947.12, “TPA”) and Costa-Hawkins. Civil Code section 1947.12 of the TPA prohibits rent increases more than 5 percent plus inflation or 10 percent, whichever is lower, referring to this practice as “rent-gouging.” (Civ. Code, § 1947.12, subds. (a) & (m).) A landlord who demands such an increase is liable to their tenant for damages for the excessive rent demanded. (*Id.*, subd. (k)(1).) While penalizing “rent-gouging,” the TPA is clear that it does not interfere with the Costa-Hawkins’s regulation of “rent control.” Despite this distinction, *CAA v. Pasadena* views rent-gouging as interchangeable with other rent increases, and holds that by “financially penaliz[ing]” landlords who rent-gouge—who raise the rent by 5 percent plus inflation—the Pasadena law conflicts with Costa-Hawkins. (Opn. at *26.)

CAA v. Pasadena reasoned that the Pasadena law’s “indirect effects” on landlords’ right to raise rents under Costa-Hawkins frustrates the purpose of the Costa-Hawkins Act, and therefore, Costa-Hawkins preempts the local law. (Opn. at * 25.) Under this reasoning, the TPA’s parallel provision—similarly penalizing landlords for rent-gouging—also conflicts with Costa-Hawkins. However, this Court can harmonize the two statutes by recognizing the TPA’s distinction between regulating “rent-gouging” and “rent control” that limits landlords’ right to raise rents. Courts must reconcile apparent conflicts between statutes through harmonious interpretation whenever possible.

Similar to the TPA and Measure H, the Los Angeles relocation fee requirement also financially penalizes rent-gouging by requiring landlords to pay relocation fees to tenants forced to leave their homes after a landlord increases the rent by the lower of 5 percent plus inflation or 10 percent. This is the same formula the TPA uses to define rent-gouging. As the TPA has drawn a distinction between a prohibition on “rent-gouging” and “rent

¹ *CAA v. Pasadena* was filed on December 18, 2025, and will not be final until January 18, 2026.

control” regulations targeted by Costa-Hawkins, the Los Angeles ordinance does not conflict with Costa-Hawkins by regulating rent-gouging.

Lastly, *CAA v. Pasadena*’s analysis of Pasadena’s requirement that landlords provide notice and an additional opportunity to cure to certain tenants is not applicable to the present case. The Opinion held that the Pasadena law imposed a procedural requirement which conflicts with Code of Civil Procedure section 1161. Because the Los Angeles Eviction Threshold Ordinance does not impose a procedural requirement, but rather a substantive limit on grounds for eviction, it does not conflict with section 1161.

For these reasons, this Court should not apply *CAA v. Pasadena*’s reasoning to the Los Angeles ordinances at issue in *AAGLA v. City of Los Angeles*.

I. *CAA v. Pasadena*’s preemption analysis finds a conflict between the TPA and the Costa-Hawkins Act.

In 2019, California enacted its first comprehensive anti-rent gouging and eviction control law—the Tenant Protection Act of 2019—adding sections 1947.12 and 1946.2 to the Civil Code. (*2710 Sutter Ventures, LLC v. Millis* (2022) 82 Cal.App.5th 842, 864.) As is relevant here, section 1947.12 prohibits rent increases in excess of five percent plus the percentage change in the cost of living, or 10 percent, whichever is lower. (Civ. Code, § 1947.12, subd. (a)(1).) Such an increase constitutes “rent gouging.” (*Id.*, subd. (m)(1).) A landlord who rent-gouges is liable to their tenant for damages for the excessive rent demanded. (Civ. Code, § 1947.12, subd. (k)(1).) The TPA applies to units older than 15 years. (*Id.*, subd. (d)(4).)

In *CAA v. Pasadena*, this Court addressed a preemption challenge to a voter initiative in Pasadena that, similar to section 1947.12, imposes a financial penalty on landlords who raise the rent in excess of 5 percent plus inflation. (Opn., *22.) The measure, commonly known as “Measure H,” requires a landlord to pay relocation assistance “to any Tenant household who is displaced from a Rental Unit due to inability to pay Rent Increases in excess of 5 percent plus the most recently announced Annual General Adjustment in any twelve-month period.” (*Id.* at *22.)

In *CAA v. Pasadena*, the petitioners argued that the Costa-Hawkins Act preempts Measure H by imposing a “cap on rent increases.” (Opn. at *25.) The Legislature enacted Costa-Hawkins Act (Civ. Code, § 1954.40 et seq.) in 1995 “ ‘to relieve landlords from some of the burdens of ‘strict’ and ‘extreme’ rent control....’ [Citation.]” (*Id.* at *22.) As is relevant here, “Civil Code section 1954.52 exempts from local rent control laws certain residential property—including single-family homes and rental units that have certificates of occupancy issued after February 1, 1995—thus permitting landlords to ‘adjust the rent on such property at will.’ [Citation].” (*Ibid.*)

In short, Costa-Hawkins gives landlords the ability “to adjust at will the rent on rental units” built after 1995. (Opn. at *23.) In *CAA v. Pasadena*, the petitioners asserted that “just as Measure H could not impose a cap on rent increases for exempt units without running afoul of the Costa-Hawkins Act, neither may it impose penalties in the form of relocation assistance to discourage landlords from exercising their right under the Act to raise the rent on exempt units.” (Opn. at *25.) This Court agreed, holding that Measure H’s relocation fee requirement “frustrate[s] the purpose of the Costa-Hawkins Act” by “financially penaliz[ing] landlords” for raising the rent—by an amount the TPA defines as rent-gouging. (*Id.* at *26.)

The TPA also “financially penalizes” landlords for rent-gouging. And, both the TPA and Costa-Hawkins apply to residential units built after 1995 (Costa-Hawkins) and before 2011 (TPA). Such units are generally subject to both state laws. As to this subset of rental units, Costa-Hawkins allows landlords to set rents at will and the TPA prohibits rent-gouging. While such a landlord may raise the rent without being subject to rent control (Costa-Hawkins), that landlord will be subject to a financial penalty if they rent-gouge (TPA). Under *CAA v. Pasadena*’s reasoning, any financial penalty on rent-gouging “discourage[s] landlords from exercising their right under the Act to raise the rent on exempt units,” thereby “protecting tenants, at landlords’ expense, from the free market.” (Opn. at *25 [reiterating petitioners’ argument which the Court then adopts].) The TPA’s penalty on rent-gouging falls within the scope of this reasoning.

In short, under *CAA v. Pasadena*, a financial penalty on rent-gouging conflicts with the Costa-Hawkins Act. As this reasoning encompasses within its scope section 1947.12 of the TPA, the Opinion stands for the proposition that the TPA conflicts with the Costa-Hawkins Act. However, courts must strive to harmonize statutes that appear to conflict, and may read a conflict

into two statutes “only when there is no rational basis for harmonizing the two potentially conflicting statutes [citation], and the statutes are “ “irreconcilable, clearly repugnant, and so inconsistent that the two cannot have concurrent operation.” ’ [Citation.]” (*Garcia v. McCutchen* (1997) 16 Cal.4th 469, 477.)

Here, there is a rational basis for harmonizing the TPA and Costa-Hawkins. By viewing the TPA’s penalty on rent-gouging as distinct from Costa-Hawkins’s exemption of units from rent control, the Court can “maintain the integrity of both statutes....” (*Penziner v. West American Finance Co.* (1937) 10 Cal.2d 160, 176.) That reading conforms with the Legislature’s intent. Both the TPA’s legislative history and its text shows that the Legislature distinguishes between rent caps imposed by rent control and prohibitions on rent-gouging.

The Senate Rules Committee analysis for the bill that became the TPA (AB 1482) cites to criminal law that prohibits persons during the declaration of a state of emergency from raising the price “on goods or services, including housing” to “more than 10 percent above the price charged for those goods or services immediately prior to the proclamation of emergency.” (Sen. Rules Com., Off. of Sen. Floor Analyses, 3d reading analysis of Assem. Bill No. 1482, as amended Sept. 5, 2019, p. 2 citing Pen. Code, § 396, subd. (b); *Jevne v. Sup. Ct.* (2005) 35 Cal.4th 935, 948 [senate rules committee analysis is a proper source of legislative intent].)² The executive summary explains,

The phrase “price gouging” refers to businesses taking advantage of an emergency in order to charge prices well beyond what the market would ordinarily bear. Existing California law prohibits price gouging. During officially-declared states of emergency, it is a crime to increase prices on consumer goods by more than 10 percent. California is in the midst of a housing crisis. There are reports that some landlords are taking advantage of this crisis to engage in “rent-gouging,” dramatically increasing their tenants’ rent with the knowledge that, due to the present crisis, tenants are unlikely to have affordable alternatives. Dramatic rent increases like these can act as the final straw, pushing people into homelessness. This bill prohibits large landlords from engaging in rent-gouging.

² See AA 741. This legislative history is in the record of Case No. B336071 at AA740–56.

(AA745 [emphasis added].) The Legislature explained that while current state law allows landlords, not subject to rent control to “raise the rent at any time and by any amount that the landlord chooses,” the TPA would prohibit landlords from “rent-gouging”:

Specifically, while still permitting significant annual rent increases, the bill prevents landlords of covered properties from raising the rent more than 5 percent plus inflation each year, up to a hard cap of 10 percent. To ensure that landlords cannot engage in prohibited rent-gouging by replacing current tenants with tenants at rent-gouging rates, the bill also requires landlords to have and to state a just cause for any eviction.

(AA741, 745 [emphasis added].) Far from stating any intent to repeal Costa-Hawkins’s lifting of limits on landlords’ ability to increase rent, the legislative history expressly acknowledges Costa-Hawkins while also distinguishing it: the legislative history provides that while “existing California law places no limitations on rent increases,” the proposed bill “cuts something of a middle ground” between “rent control” and “anti-rent gouging.” (AA747.)

The codified TPA, in turn, expressly references the Costa-Hawkins Act several times. (§ 1947.12, subds. (d)(3), (m)(2), (m)(3).) Subdivision (m)(2) states that “It is the intent of the Legislature that this section should apply only for the limited time needed to address the current statewide housing crisis,” and, at the same time, cites to the requirement that local governments comply with the Costa-Hawkins Act. (§ 1947.12, subd. (m)(2).) If, on the contrary, the Legislature understood the rent-gouging prohibition to conflict with the Costa-Hawkins provision allowing landlords to freely raise rent, the TPA would have expressly stated that it was repealing the relevant provisions of the Costa-Hawkins Act with respect to the practice of rent-gouging. (*Garcia v. McCutchen*, *supra*, 16 Cal.4th at p. 477 [“Absent an express declaration of legislative intent,” courts will not find a conflict between statutes].)

This legislative history and code text shows that while the Legislature intended to allow non-rent-controlled landlords to freely raise rent, thereby “reliev[ing] landlords from some of the burdens of ‘strict’ and ‘extreme’ rent control” (Costa-Hawkins Act), the Legislature also intended to prohibit rent-gouging during the current state housing crisis. (*Apt. Assn. of Los Angeles*

County, Inc. v. City of Los Angeles (2009) 173 Cal.App.3d 13, 30.) The TPA remains in effect until 2030, providing “short-term relief for tenants” during this crisis. (AA747, § 1947.12, subd. (o).) Thus, while “[s]teer[ing] clear of the sort of rent control” certain cities employ, the TPA “deploys, instead something more accurately described as anti-rent gouging: a far more landlord-friendly model that permits significant [] annual rent increases but outlaws major rent spikes of over 10 percent.” (AA747.)

While the TPA draws a distinction between anti-rent-gouging and rent control, *CAA v. Pasadena* conflates them. In holding that a law that “financially penalizes” landlords for rent-gouging conflicts with Costa-Hawkins, the Opinion implicitly finds that the TPA and Costa-Hawkins conflict. (Opn. at *26.) Under the reasoning of *CAA v. Pasadena*, both laws financially penalize a landlord for rent-gouging, thereby reducing a landlord’s profit when a rent-gouged tenant vacates their unit, and discouraging the landlord from exercising their “right to raise rents” under the Costa-Hawkins Act. (Opn., *24, 25.) Thus, *CAA v. Pasadena* stands for the proposition that both Measure H and the TPA frustrate the purpose of the Costa-Hawkins Act by regulating rent-gouging.

However, during the course of the state’s housing crisis, which the TPA anticipates to last until 2030, raising the rent by the lesser of 5 percent plus inflation or 10 percent does not constitute rent control, but “rent-gouging,” akin to Penal Code section 396’s criminalization of the practice of raising the price of housing more than 10 percent after a government declaration of a state of emergency. The Legislature intends the TPA’s prohibition of “rent-gouging” to exist concurrently with Costa-Hawkins’ rollback of “rent control.” Measure H’s financial penalty on rent-gouging which causes tenants to leave their homes also does not conflict with Costa-Hawkins for the same reason.

The present action, *Apartment Association of Greater Los Angeles v. City of Los Angeles*, concerns a similar preemption challenge to Los Angeles ordinance 187764. Ordinance 187764 requires relocation assistance when a landlord imposes a rent increase that exceeds the lesser of 5 percent plus the consumer price index or 10 percent, the same formula the TPA uses to trigger rent-gouging penalties. Because the Legislature distinguished anti-rent-gouging from limitations on rent increases, Ordinance 187764’s penalty on rent-gouging does not frustrate the purpose of the Costa-Hawkins Act. For these reasons, this Court should not apply *CAA v. Pasadena*’s Costa-Hawkins

preemption analysis to AAGLA's challenge to Los Angeles's relocation fee requirement.

II. Measure H's requirement that landlords provide notice of a rent default and opportunity to cure is distinguishable from Los Angeles's Eviction Threshold Ordinance.

CAA v. Pasadena also addressed a separate provision of Measure H requiring landlords to give tenants written notice and an opportunity to cure before initiating eviction proceedings based on a tenant's failure to pay rent. The Opinion concluded this provision imposed a procedural requirement that conflicts with the unlawful detainer timeline set forth by Code of Civil Procedure section 1161. *CAA v. Pasadena* reasoned that requiring a landlord to serve a tenant with written notice and then "allow for the cure period to run ... is the epitome of a 'procedural barrier[] between the landlord and the judicial proceeding.' [Citation.]" (Opn. at *32.) In support, the Court cited to *San Francisco Apartment Assn. v. City and County of San Francisco* (2018) 20 Cal.App.5th 510's (*SFAA*) holding that an ordinance providing a substantive defense to evictions was not procedural "despite its impact on timing of eviction because 'it does not require landlords to provide written notice or to do any other affirmative act.'" (Opn. at *32.)

Unlike Measure H, the Los Angeles Eviction Threshold Ordinance does not impose a procedural requirement upon landlords, but rather regulates the substantive grounds for eviction. As in *SFAA*, the Los Angeles ordinance "does not require landlords to provide written notice or to do any other affirmative act" such as allow an additional cure period. (*SFAA*, *supra*, 20 Cal.App.5th at p. 512.) Instead, as explained in the City's Respondent's Brief, the Eviction Threshold Ordinance is a substantive limit on otherwise available grounds for eviction under Code of Civil Procedure section 1161: the ordinance regulates the trigger for a landlord's right to initiate eviction proceedings. When unpaid rent falls below the threshold the ordinance establishes, a tenant has a substantive defense to eviction.

That the ordinance has an incidental and occasional procedural impact on unlawful detainer proceedings as to units with below fair-market rent does not mean the ordinance imposes a "procedural requirement" that conflicts with section 1161. (*SFAA*, *supra*, 20 Cal.App.5th. at p. 518.) As illustrated in *SFAA*, any substantive defense will have a procedural impact:

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it will change whether a landlord may initiate unlawful detainer proceedings at all. (*Ibid.* [where an ordinance “simply has a procedural *impact*, limiting the timing of certain evictions” in order to “‘regulate the substantive grounds’ of the defense it creates,” the unlawful detainer statutes do not preempt it].)

For these reasons, *CAA v. Pasadena*’s analysis of Measure H’s notice requirement is distinguishable and this Court should not apply it to AAGLA’s challenge to the Los Angeles Threshold Eviction Ordinance, which does not conflict with Code of Civil Procedure section 1161.

Respectfully submitted,

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