

---

**In the Supreme Court of the State of California**

---

**CALIFORNIA APARTMENT ASSOCIATION, AHNI DODGE,  
SIMON GIBBONS, MARGARET MORGAN, DANIELLE  
MOSKOWITZ & TYLER WERRIN,**

*Petitioner/Plaintiff and Respondent,*

*v.*

**CITY OF PASADENA, PASADENA CITY COUNCIL & DOES 1-10,**

*Respondents/Defendants and Respondents,*

**MICHELLE WHITE, RYAN BELL &  
AFFORDABLE PASADENA,**

*Intervenor-Defendants/Respondents and Respondents*

---

**COMBINED ANSWER TO  
PETITIONS FOR REVIEW**

---

Of the Decision of the Second Appellate District, Division 7  
Appeal No. B329883

On Appeal from the Superior Court of Los Angeles County  
The Honorable Mary H. Strobel, Presiding  
Superior Court Case No. 22STCP04376

---

NIELSEN MERKSAMER LLP

\* Christopher E. Skinnell, SBN 227093

Hilary J. Gibson, SBN 287862

2350 Kerner Boulevard, Suite 250

San Rafael, California 94901

Tel: (415) 389-6800

Em: [cskinnell@nmgovlaw.com](mailto:cskinnell@nmgovlaw.com)

*Attorneys for Petitioners/Plaintiffs and Appellants*

CALIFORNIA APARTMENT ASSOCIATION, *ET AL.*

---

**CERTIFICATE OF INTERESTED  
ENTITIES OR PERSONS**

- ☒ There are no interested entities or persons to list in this Certificate per California Rules of Court, Rule 8.208.
- ☐ Interested entities or persons are listed below:

	<b>Name of Interested Entity or Person</b>	<b>Nature of Interest</b>
1		
2		
3		
4		
5		

February 17, 2026

NIELSEN MERKSAMER LLP

By: 

Printed Name:

Christopher E. Skinnell

Address:

2350 Kerner Boulevard, Suite 250  
San Rafael, California 94901

State Bar#:

227093

Party Represented:

*Petitioners/Plaintiffs & Appellants*  
CALIFORNIA APARTMENT ASS'N, *ET AL.*

Document received by the CA Supreme Court.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION: WHY REVIEW SHOULD BE DENIED .....	9
STATEMENT OF THE CASE .....	11
A.    Procedural Background .....	11
B.    Costa-Hawkins' Exemption of Certain Units from Local Regulation of Rental Rates .....	14
C.    Measure H's Requirement that Owners of Exempt Units Pay Relocation Assistance to Tenants Voluntarily Vacating in Response to a Rent Increase Lawful Under Costa-Hawkins .....	16
REVIEW IS NOT NECESSARY TO SECURE UNIFORM STATEWIDE APPLICATION OF THE LAW, OR SETTLE AN IMPORTANT QUESTION, BECAUSE THE COURT OF APPEAL FAITHFULLY APPLIED EXISTING LAW .....	18
A.    There Are No Conflicts in the Courts of Appeal Regarding the Costa-Hawkins Preemption Issue on Which the Court of Appeal Based Its Decision .....	18
B.    The Court of Appeal's Holding That the Relocation Assistance Provision Conflicts with Costa-Hawkins Because It Frustrates That Law's Purposes Is Consistent With This Court's Case Law and That in the Courts of Appeal .....	23
C.    This Case Was Not Decided Under Federal "Obstacle" Preemption Case Law .....	30
D.    There Is No Conflict Between Costa-Hawkins and the Tenant Protection Act .....	31

E.	The Court of Appeal Rightly Rejected the Argument that Costa-Hawkins’ “Savings” Clause Authorizes the Relocation Assistance Provision.....	38
F.	The Court of Appeal Correctly Applied the Standards for Facial Challenges.....	40
	IF REVIEW WERE NEVERTHELESS TO BE GRANTED, AN ADDITIONAL ISSUE SHOULD BE CONSIDERED .....	42
	CONCLUSION.....	45
	WORD COUNT CERTIFICATION.....	46
	PROOF OF SERVICE .....	47

## TABLE OF AUTHORITIES

	<b>Page(s)</b>
<b>Cases</b>	
<i>Action Apartment Ass’n, Inc. v. City of Santa Monica</i> , 41 Cal. 4th 1232 (2007).....	38
<i>Apartment Ass’n of L.A. Cty., Inc.</i> , 136 Cal. App. 4th 119 (2006), <i>rev. denied</i> , 2006 Cal. LEXIS 5567 (May 10, 2006).....	24, 44
<i>Apartment Ass’n of Los Angeles Cty., Inc. v. City of Los Angeles</i> , 173 Cal. App. 4th 13 (2009).....	15
<i>Birkenfeld v. Berkeley</i> , 17 Cal. 3d 129 (1976) .....	43, 44
<i>Brookside Invs., Ltd. v. City of El Monte</i> , 5 Cal. App. 5th 540 (2016) .....	34
<i>Bullard v. S.F. Residential Rent Stabilization Bd.</i> , 106 Cal. App. 4th 488 (2003) .....	18, 19
<i>Cal. Apartment Ass’n v. City of Pasadena</i> , 117 Cal. App. 5th 187 (2025).....	<i>passim</i>
<i>Cal. Bldg. Indus. Ass’n v. City of San Jose</i> , 61 Cal. 4th 435 (2015).....	15, 20
<i>Candid Enterprises, Inc. v. Grossmont Union High School Dist.</i> , 39 Cal. 3d 878 (1985) .....	34
<i>Chevron U.S.A. Inc. v. Cty. of Monterey</i> , 15 Cal. 5th 135 (2023).....	<i>passim</i>
<i>Chevron U.S.A., Inc. v. Cty. of Monterey</i> , 70 Cal. App. 5th 153 (2021) .....	30
<i>City of Riverside v. Inland Empire Patients Health &amp; Wellness Ctr., Inc.</i> , 56 Cal. 4th 729 (2013).....	23, 26, 27, 28

<i>Coyne v. City &amp; Cty. of San Francisco</i> , 9 Cal. App. 5th 1215 (2017), <i>rev. den.</i> , 2017 Cal. LEXIS 4979 (June 28, 2017) .....	<i>passim</i>
<i>Cty. of L.A. v. L.A. Cty. Empl. Relations Comm’n</i> , 56 Cal. 4th 905 (2013).....	10, 23
<i>DeZerega v. Meggs</i> , 83 Cal. App. 4th 28 (2000) .....	15, 44
<i>Fisher v. City of Berkeley</i> , 37 Cal. 3d 644 (1984) .....	43
<i>Great Western Shows v. Cty. of L.A.</i> , 27 Cal. 4th 853 (2002).....	31
<i>Int’l Fed’n of Prof. &amp; Tech. Eng’rs v. City</i> , 79 Cal. App. 4th 1300, 1306 (2000) .....	10
<i>Lindenberg v. MacDonald</i> , 34 Cal. 2d 678 (1950) .....	40
<i>Mak v. City of Berkeley Rent Stabilization Bd.</i> , 240 Cal. App. 4th 60 (2015).....	22
<i>Nativi v. Deutsche Bank Nat’l Tr. Co.</i> , 223 Cal. App. 4th 261 (2014).....	40
<i>Palmer/Sixth Street Properties, L.P. v. City of Los Angeles</i> , 175 Cal. App. 4th 1396 (2009), <i>rev. denied</i> , 2009 Cal. LEXIS 11307 (Oct. 22, 2009) .....	<i>passim</i>
<i>Pieri v. City &amp; County of San Francisco</i> , 137 Cal. App. 4th 886 (2006) .....	25
<i>San Francisco Apartment Ass’n v. City &amp; Cty. of San Francisco</i> , 3 Cal. App. 5th 463 (2016) .....	24, 25
<i>San Francisco Apartment Assoc. v. City &amp; County of San Francisco</i> , 74 Cal. App. 5th 288 (2022) .....	21, 22

<i>Tri Cty. Apartment Ass’n v. City of Mtn. View</i> , 196 Cal. App. 3d 1283 (1987) .....	35
--	----

## Statutes

2017 Cal. Stats., ch. 376, § 1 .....	20
Civ. Code § 1946.1.....	13
Code Civ. Proc. § 1161(2) .....	14
Costa-Hawkins Rental Housing Act, Civ. Code §§ 1954.50 <i>et seq.</i> .....	<i>passim</i>
§ 1954.52(a) .....	<i>passim</i>
§ 1954.52(a)(3)(C)(iii) .....	39
§ 1954.52(c).....	38, 39
§ 1954.53(a) .....	16
Ellis Act, Govt. Code §§ 7060 <i>et seq.</i> .....	<i>passim</i>
Govt. Code § 7060.1(c) .....	25
Govt. Code § 7060.4(b) .....	13, 14
Govt. Code § 65850(g) .....	20
Govt. Code § 6 .....	36
Housing Crisis Act of 2019 .....	35
Pen. Code § 396 .....	37
Tenant Protection Act of 2019, Assem. Bill No. 1482 (2019-2020 Reg. Sess.), 2019 Cal. Stats., ch. 597.....	31
§ 1946.2.....	32, 34, 35
§ 1946.2(b)(1)(A) .....	32
§ 1946.2(i) .....	34
§ 1946.2(i)(1)(B)(ii) .....	34

§ 1947.12.....	32
§ 1947.12(a) .....	33
§ 1947.12(d) .....	34
§ 1947.12(d)(3).....	32
§ 1947.12(g)(3)(A).....	37
§ 1947.12(k) .....	37
§ 1947.12(m)(2).....	32, 33, 37
§ 1947.12(m)(3).....	33, 37
<b>Other Authorities</b>	
7 <i>Cal. Real Estate Law &amp; Practice</i> (2026), § 200.51.....	40
Assem. Comm. on Appropriations, Analysis of Sen. Bill No. 1257 (1995-1996 Reg. Sess.) July 12, 1995 .....	15
Assem. Floor Analysis, Assem. Bill No. 1164 (1995– 1996 Reg. Sess.) July 24, 1995 .....	15
Cal. Const. art. I, § 22.....	12
Cal. Const. art. XI, § 3(b) .....	12
Cal. Const. art. XI, § 7 .....	34
Cal. R. Ct., rule 8.500(b)(1).....	11
Cal. R. Ct., rule 8.504(c) .....	42
Pasadena Measure H (2022) .....	<i>passim</i>
§ 1806(b)(C) .....	<i>passim</i>
§ 1806(l) .....	39
Sen. Judiciary Comm., Analysis for S.B. 1257 (1995- 1996 Reg. Sess.) as introduced Apr. 4, 1995.....	16



## **INTRODUCTION: WHY REVIEW SHOULD BE DENIED**

In a thorough, well-reasoned portion of the opinion below, [\*Cal. Apartment Ass’n v. City of Pasadena\*, 117 Cal. App. 5th 187, 227-41 \(2025\)](#) (“CAA”), the Court of Appeal held that the provision of Pasadena’s charter requiring that landlords pay tenants “relocation assistance” when the tenant chooses to vacate a rental unit rather than pay the increased rent the landlord is authorized to charge under the Costa-Hawkins Rental Housing Act, [Civ. Code §§ 1954.50 \*et seq.\*](#) (“Costa-Hawkins” or “the Act”),<sup>1</sup> conflicts with the Act and is, therefore, preempted. It reversed the contrary ruling of the superior court and remanded for entry of judgment in Petitioners’ favor on that issue.

The Court of Appeal’s ruling was correct and unremarkable. Contrary to the claims of Respondents City of Pasadena, *et al.* (“Respondents”), Intervenor-Defendants, and *amici curiae* Rent Boards (“*Amici*”), the decision represents a straightforward application of existing preemption law and is consistent with a long line of cases reaching similar results under Costa-Hawkins and related statutes. Review by this Court is, therefore, unnecessary.

In an attempt to nevertheless spark this Court’s interest, Respondents, Intervenor-Respondents, and *Amici* fill their briefing with a school of red herrings. They claim that the Court

---

<sup>1</sup> Statutory citations are to the Civil Code unless otherwise noted.

below erred by finding the relocation assistance provision “contradicts” Costa-Hawkins, despite acknowledging that it does so indirectly, because that provision frustrates the Act’s “purposes.” Not so. This Court has held that a state law “may not be undercut by contradictory [local] rules or procedures that would frustrate its purposes,” [\*Cty. of L.A. v. L.A. Cty. Empl. Relations Comm’n\*, 56 Cal. 4th 905, 925 \(2013\)](#) (quoting [\*Int’l Fed’n of Prof. & Tech. Eng’rs v. City\*, 79 Cal. App. 4th 1300, 1306 \(2000\)](#)), and the Court of Appeal’s ruling is a straightforward application of that rule.

Respondents, Intervenors, and *Amici* nevertheless claim that the Court of Appeal reached its result by relying on the federal doctrine of “obstacle” preemption, and that this the Court must grant review to clarify the extent to which that doctrine applies under state law. But the Court of Appeal didn’t rely on federal preemption case law; it relied on long-standing state law precedents.

Next, Respondents, *et al.*, invent various purported conflicts between Costa-Hawkins and California’s Tenant Protection Act of 2019, [\*Assem. Bill No. 1482 \(2019-2020 Reg. Sess.\)\*, 2019 Cal. Stats., ch. 597](#), as subsequently amended (the “TPA”), but the supposed “conflicts” do not exist. The TPA *expressly* disclaims any intention of granting power to local governments that they didn’t already have under Costa-Hawkins.

Respondents further argue that the relocation assistance requirement is authorized by Costa-Hawkins’ “savings” clause, allowing local governments to monitor the “basis of evictions,” but the appeals court rightly held that provision does not apply here because there are no “evictions” at issue. And, finally, the Court followed established case law in concluding that resolution of this issue as a facial claim was appropriate.

Simply put, this case presents neither an important unsettled question of law nor is review necessary to secure uniformity of decision. *See* [Cal. R. Ct., rule 8.500\(b\)\(1\)](#). Review by this Court should, accordingly, be denied.

Alternatively, should the Court determine to grant review in this case it should also address the following additional question: does Costa-Hawkins “occupy the field” with respect to the setting of rental rates for exempt units?

## **STATEMENT OF THE CASE**

### **A. Procedural Background.**

In November 2022, Pasadena’s voters narrowly approved Measure H, which, among other things, imposes rent controls, “just cause” eviction protections, and various notice requirements on landlords; regulates tenant buyout agreements; establishes a rental registry; mandates relocation-assistance payments from landlords to tenants in a variety of situations; and creates an 11-member appointed rent board with a guaranteed tenant

supermajority<sup>2</sup> and with extraordinarily broad powers to implement the measure. The measure took effect December 20, 2022. (1AA178.) Petitioner/Appellants filed this action raising a number of challenges to the measure on December 16. (1AA015.)

Per the stipulation of the parties, the Court set expedited briefing on the merits. (1AA192-197.) The parties also stipulated to the intervention of the chief supporters of Measure H on the ballot (hereafter “Intervenors”). (1AA198-205.) The superior court heard argument on March 28, 2023, and later that day it issued a final order granting the petition in part and denying it in part. (3AA615-650.) The court held:

1. Measure H is a permissible “amendment” to Pasadena’s charter rather than an impermissible “revision” under [Article XI, section 3\(b\)](#).
2. The composition of the Rent Board, with a mandatory tenant supermajority, does not violate either [Article I, section 22](#), or equal protection.
3. Costa-Hawkins does not preempt the requirement that owners of units exempt from local rent control under state law make “relocation payments” to

---

<sup>2</sup> Measure H guarantees tenants *at least* seven of the eleven seats (plus one of the two alternates). The seven “district” seats that must be tenants are given special procedural rights and protections in terms of operation of the Board. Landlords, meanwhile, are not guaranteed any representation. Tenants can fill all eleven seats plus both alternate slots. [117 Cal. App. 5th at 216-17](#).

tenants who voluntarily vacate the unit if the landlord raises the rent past a certain threshold that is directly tied to the rent control limits set by Measure H.

4. The requirement that tenants who fail to timely pay rent be given more notice before commencing eviction proceedings than is required by state law is not preempted.
5. The requirement that a tenant be given six months' notice prior to the termination of a tenancy *is* preempted by [§ 1946.1](#).
6. Insofar as Section 1806(a)(10) imposes a one-year notice requirement to evict a “senior” or disabled tenant if the landlord is removing a building from the market pursuant to the Ellis Act, [Govt. Code §§ 7060 \*et seq.\*](#), that requirement could be enforced because authorized by the Ellis Act itself, *see* [Govt. Code § 7060.4\(b\)](#), but the court confirmed that the City could not define “senior” in a manner that conflicts with the Act’s requirement that a resident be at least 62 year years old to be covered by this requirement.
7. As to the requirement that non-senior, non-disabled tenants be given 180 days’ notice of an Ellis Act eviction, the court held that requirement *is*

preempted by the 120-day notice requirement of [Government Code § 7060.4\(b\)](#).

Judgment was entered on April 24, 2023. (3AA651-689.) Petitioners timely appealed the portions of the judgment that were adverse to them (Nos. 1-4 above) on April 26, 2023. (3AA694-695.) Respondents and Intervenor did not cross-appeal from the portions of the judgment in Petitioners' favor (Nos. 5-7).

The Court of Appeal affirmed the trial court's rulings as to Points 1 and 2 but reversed with respect to Points 3 and 4, holding that (a) the requirement that tenants who fail to timely pay rent be given a "notice to cure" prior to being served with a notice to pay or quit under [Code of Civil Procedure § 1161\(2\)](#) is preempted by the State's unlawful detainer law, and (b) the requirement that landlords pay "relocation assistance" to tenants who voluntarily vacate a unit rather than pay a lawfully imposed rent increase are preempted by Costa-Hawkins insofar as it applies to rental units that are exempt from local rent control under that Act.

Only the latter ruling is at issue in these petitions.<sup>3</sup>

**B. Costa-Hawkins' Exemption of Certain Units from Local Regulation of Rental Rates.**

In 1995, the Legislature enacted Costa-Hawkins "to relieve landlords from some of the burdens of 'strict' and 'extreme' rent

---

<sup>3</sup> The text of Measure H is at 1AA034-075; the text of section 1806(b)(C), at issue here, is at 1AA049.

control, which the proponents of Costa-Hawkins contended unduly and unfairly interfered with the free market.” [\*Apartment Ass’n of Los Angeles Cty., Inc. v. City of Los Angeles\*, 173 Cal. App. 4th 13, 30 \(2009\)](#) (“AAGLA II”). This legislative purpose—mitigating local rent control ordinances’ interference with the “free market”—is well-attested to by the legislative history of the Act. *See, e.g., Assem. Floor Analysis, Assem. Bill No. 1164 (1995–1996 Reg. Sess.) July 24, 1995* (“Floor Analysis”), pp. 1, 6; [\*Assem. Comm. on Appropriations, Analysis of Sen. Bill No. 1257 \(1995–1996 Reg. Sess.\) July 12, 1995\*](#), p. 1.

To effectuate that purpose, as relevant here, Costa-Hawkins exempts certain rental units from local rent control altogether—single family homes, separately-alienable condominiums, and units built after February 1, 1995. [§ 1954.52\(a\)](#). Owners of these “exempt” units may “adjust the rent on such property at will, [n]otwithstanding any other provision of law.” [\*DeZerega v. Meggs\*, 83 Cal. App. 4th 28, 41 \(2000\)](#). The Legislature recognized that absent such an exemption, owners of single-family homes and condominiums were particularly likely to take their units off the market altogether, and developers would be unlikely to build new housing,<sup>4</sup> when California already faced a housing shortage that this Court has characterized as being of “epic proportions.” [\*Cal. Bldg. Indus. Ass’n v. City of San Jose\*, 61 Cal. 4th 435, 441 \(2015\)](#).

---

<sup>4</sup> *See* [Floor Analysis, supra](#), at 5.

For all other units, Costa-Hawkins established a system of “vacancy decontrol” in which localities could limit annual rent increases—could “interfere with the free market”—for the duration of a single tenancy, but landlords could, upon a vacancy in the unit, raise the rent to whatever level they choose, free of restriction. [§ 1954.53\(a\)](#).

In enacting Costa-Hawkins, the Legislature expressly noted that the bill “would establish statewide guidelines for any local regulation of rental rates for residential accommodations. It would pre-empt more restrictive controls.” See [Sen. Judiciary Comm., Analysis for S.B. 1257 \(1995-1996 Reg. Sess.\) as introduced Apr. 4, 1995](#), p. 3. In so doing, it rejected arguments by opponents that Costa-Hawkins “[wa]s an inappropriate intrusion into the right of local communities to enact housing policy to meet local needs.” [Id. at 7](#).

**C. Measure H’s Requirement that Owners of Exempt Units Pay Relocation Assistance to Tenants Voluntarily Vacating in Response to a Rent Increase Lawful Under Costa-Hawkins.**

For units that are not exempt from local rent control under Costa-Hawkins, Measure H capped annual rent increases in Pasadena to a sub-inflationary amount no greater than 75% of the increase in the Consumer Price Index. [CAA, 117 Cal. App. 5th at 230 n.15](#). Additionally, section 1806(b)(C) of Measure H requires landlords subject to the Measure’s “just cause”



provisions—which is almost all of them, including most “exempt” units—to pay “relocation assistance” to tenants who vacate a unit after being notified of a rent increase of 5 percent plus the annual increase allowed under the measure’s rent control provisions (*i.e.*, 75% of CPI). (The tenant-supermajority Rent Board, *see* note 2, *supra*, is authorized to lower the trigger this for requirement even further if it decides the lower threshold is “necessary to further the purposes of this Article.” § 1806(b)(C).)

As a practical matter, “[t]he relocation assistance requirement applies only to exempt units [under Costa-Hawkins], not to units covered by rent control,” because non-exempt units are prohibited from raising rents to such a level in the first place. [117 Cal. App. 5th at 240](#).

The Court of Appeal agreed with “petitioners['] assert[ion] 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.” [CAA, 117 Cal. App. 5th at 234-35](#).

Intervenors (though not Respondents) sought rehearing of that determination. Their petition was denied on January 8, 2026.

**REVIEW IS NOT NECESSARY TO SECURE  
UNIFORM STATEWIDE APPLICATION OF THE  
LAW, OR SETTLE AN IMPORTANT QUESTION,  
BECAUSE THE COURT OF APPEAL FAITHFULLY  
APPLIED EXISTING LAW**

**A. There Are No Conflicts in the Courts of Appeal Regarding the Costa-Hawkins Preemption Issue on Which the Court of Appeal Based Its Decision.**

Despite Respondents’ assertion that “the courts of appeal have struggled for years to sort out the degree to which state law preempts a charter city’s home rule authority over landlord-tenant law, namely rent control and eviction protections” (Resp. Pet. at 18), they point to no case under Costa-Hawkins that reaches a result that conflicts with this one.

That case law makes clear that if the City were to adopt an ordinance flatly stating that rents on exempt units could not be increased by more than some specified amount, Costa-Hawkins would preempt it. For example, in [\*Bullard v. S.F. Residential Rent Stabilization Bd.\*, 106 Cal. App. 4th 488 \(2003\)](#), cited by the opinion below, the court of appeal struck down an ordinance limiting the rent a landlord could charge for a “replacement” unit, offered to a tenant who was evicted to allow an owner move-in.

But, like the Court below, other courts have not hesitated to strike down provisions by which local governments seek to achieve a result indirectly that preemptive state law prohibits them from achieving directly, as Measure H tries to do. And Respondents acknowledge that, just like rent control, the purpose

of the relocation assistance requirement is to protect tenants “who cannot afford an excessive rent increase over a certain amount”—effectively a concession this is rent control by other means. (Resp. Pet. at 9-10.)

*Palmer/Sixth Street Properties, L.P. v. City of Los Angeles*, 175 Cal. App. 4th 1396 (2009), rev. denied, 2009 Cal. LEXIS 11307 (Oct. 22, 2009) (“*Palmer*”), relied upon by the Court below, is on point. In that case, Los Angeles adopted an ordinance giving a developer the choice of either (1) limiting the rents it would charge for newly-constructed units that replaced formerly rent-controlled units taken off the market under the Ellis Act, despite Costa-Hawkins’ exemption for post-1995 new construction, or (2) paying the City an “in lieu” fee that it could use to build its own affordable units. *Id.* at 1400-01. The court of appeal held that the requirement to limit rents for newly-constructed units was preempted by Costa-Hawkins, just as the limits in *Bullard* were. *Id.* at 1410-11.

Pertinent here, however, the *Palmer* Court also held that “the in lieu fee provision does not eliminate the conflict between the Costa Hawkins Act and the [City’s] affordable housing requirements” *id.* at 1411, because “[t]he objective of [that provision wa]s not to impose fees, but to impose affordable housing requirements” indirectly, and such requirements “conflict with and are inimical to the Costa-Hawkins Act[.]” *Id.*

There is no question that the “in lieu” provision meant that developers could literally exercise their right to set rents on their newly-constructed units as they saw fit, but like the relocation assistance provision in Measure H, that right would be accordingly “less lucrative” (as Respondents put it), because the developer would pay a financial penalty for exercising that right. The court held that in such circumstances, where the developer faced a choice of foregoing its rights under Costa-Hawkins or paying a fee, both alternatives were preempted. [\*Id.\*](#)

The Court below rightly recognized that the “relocation assistance requirement under section 1806, subdivision (b)(C) operates similarly to the in lieu fee in” [\*Palmer\*](#) because it “financially penalizes landlords for exercising their rights under the Costa-Hawkins Act.” [117 Cal. App. 5th at 236](#).

Remarkably, given the centrality of *Palmer* to the ruling below, Intervenor’s don’t even deign to cite it in their Petition. Respondents do, but in a cursory (and, frankly, misleading) fashion. They cite the case three times: once on page 11 of their Petition (at footnote 2), merely as part of the title of a law review article;<sup>5</sup> once on page 24, where they simply assert—without

---

<sup>5</sup> The “ambiguities” *Palmer* supposedly created, according to that article, have since been resolved by this Court, see [Cal. Bldg. Indus. Ass’n, 61 Cal. 4th at 450 n.6](#) (clarifying *Palmer* did not preclude the application of affordable housing requirements to for-sale, rather than rental, housing), and by legislative action, see [2017 Cal. Stats., ch. 376, § 1](#) (adding [Govt. Code § 65850\(g\)](#)). Those “ambiguities” therefore provide no reason for the Court to grant review here.

elaboration—that the Court below “misread” *Palmer*; and once on page 29, where they finally explain the purported “misreading” thus:

The *Palmer* court held that a local construction requirement conflicted with Costa-Hawkins because it *directly* prohibited developers from setting rents on the affordable units it might have to build. It then struck down the **otherwise “valid”** fee provision because it was “inextricably intertwined” with the preempted construction requirement and so could not be severed from the construction requirement. (*Id.* at pp. 1411-1412.) **In other words, the *Palmer/Sixth St.* struck down the fee provision under a severability analysis, not a preemption analysis.**

(Boldface added.)

This simply misstates the decision in *Palmer*. The court of appeal did not characterize the in-lieu fee as an “otherwise valid” fee—the City of Los Angeles did, trying to save the fee through severability. [175 Cal. App. 4th at 1412](#). The court rejected that argument, deeming the fee invalid as well. See *id.* (“Severing the *invalid* in lieu fee provision from the invalid affordable housing requirements would serve no useful purpose” (emphasis added)). And contrary to Respondents’ assertion above, the court squarely held that the in-lieu fee “is also preempted by the Act.” *Id.* at [1411](#).

Neither Respondents, Intervenor, nor *Amici* cite a single Costa-Hawkins case that actually conflicts with the decision below, though Intervenor (and *Amici*) imply that [San Francisco](#)

[\*Apartment Assoc. v. City & County of San Francisco\*, 74 Cal. App. 5th 288 \(2022\)](#) (“SFAA”), and [\*Mak v. City of Berkeley Rent Stabilization Bd.\*, 240 Cal. App. 4th 60 \(2015\)](#), do. For example, Intervenor cites those cases in support of the proposition that “courts have approved other local laws as consistent with the Costa-Hawkins Act that provide tenants additional protections from what would otherwise be free market rental increases. (Intervenor’s Pet. at 26-27; *see also Amici Ltr.* at 5.)

As the Court of Appeal rightly recognized below, “Both [*SFAA* and *Mak*] are distinguishable...” because both dealt with sanctions for bad faith misconduct, requiring an actual showing of bad faith. *See* [\*SFAA\*, 74 Cal. App. 5th at 291-92](#) (limits only applied to rent increases “imposed in bad faith” that the landlord “does not intend to collect”); [\*Mak\*, 240 Cal. App. 4th at 69](#) (limits “applie[d] only if the owner has terminated the prior tenancy based on a bad faith assertion of the intent to occupy the premises”). Measure H, by contrast, requires no showing of bad faith. [\*CAA\*, 117 Cal. App. 5th at 239](#).

In short, there is no conflict in the case law applying Costa-Hawkins that requires review by this Court to establish uniformity in the law.

**B. The Court of Appeal’s Holding That the Relocation Assistance Provision Conflicts with Costa-Hawkins Because It Frustrates That Law’s Purposes Is Consistent With This Court’s Case Law and That in the Courts of Appeal.**

Respondents, Intervenor and *Amici* nevertheless argue that the Court below engaged in a dangerous innovation by focusing on Costa-Hawkins’ “purposes” and holding that, because section 1806(b)(C) frustrates those purposes, it is preempted. They claim that such an analysis is foreclosed by statements in this Court’s prior cases to the effect that “contradiction” or “inimical” preemption “does not apply unless the ordinance directly requires what the state statute forbids or prohibits what the state enactment demands,” and, “Thus, no inimical conflict will be found where it is reasonably possible to comply with both the state and local laws.” (See, e.g., Resp. Pet. at 23, quoting [\*City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.\*, 56 Cal. 4th 729, 743 \(2013\)](#).) And they invent a parade of horrors that will supposedly flow from this approach, hyperbolically predicting that local governments will henceforth have no ability to enact any regulation that might economically hurt the owners of exempt units. The Court ought not to be misled by these exaggerated claims.

First, as noted above, this Court has previously held that state law “may not be undercut by contradictory [local] rules or procedures that would *frustrate its purposes*,” [\*Cty. of L.A.\*, 56 Cal. 4th at 925](#) (emphasis added), just as the Court of Appeal

concluded here. And the law is replete with examples of cases in which California courts—applying California preemption principles—have enforced that rule, holding that local governments may not defeat preemptive state laws by doing indirectly what they cannot do directly. [\*Palmer\*](#), discussed above, is one such case, but there are many others.

For example, in [\*San Francisco Apartment Ass’n v. City & Cty. of San Francisco\*, 3 Cal. App. 5th 463 \(2016\)](#), the court of appeal held that the [\*Ellis Act\*](#), a companion statute to Costa-Hawkins<sup>6</sup> that was enacted to protect landlords’ ability to exit the rental business, preempted a local ordinance that allowed landlords to withdraw from the rental business, and evict tenants accordingly, but which imposed a 10-year waiting period after withdrawing a unit from the market before the landlord could merge the withdrawn unit with other units.

San Francisco argued the ordinance did not violate the Ellis Act because landlords were not prevented from exiting the rental business—*i.e.*, “it ‘d[id] not condition the right to leave the rental market on fulfillment of any prerequisites, payment of any fee, or satisfaction of any pre-condition that could result in a

---

<sup>6</sup> Respondents dismiss the Ellis Act as “an entirely different statute” from Costa-Hawkins (Resp. Pet. at 25), but the Court below was not the first to recognize that the two statutes are “analogous” and that preemption cases under the former provide useful guidance in cases under the latter. *See, e.g., Apartment Ass’n of L.A. Cty., Inc.*, 136 Cal. App. 4th 119, 132-32 (2006), *rev. denied*, [2006 Cal. LEXIS 5567 \(May 10, 2006\)](#) (“AAGLA I”).



defense to an unlawful detainer action.” [Id. at 478](#) (quoting San Francisco’s brief). In other words, San Francisco argued—as Respondents, Intervenors and *Amici* do here—that because landlords were not *directly* prohibited from exercising their rights under the Act, no preemption occurred.

The court rejected that contention, holding that “the Ordinance in fact penalize[d] property owners who leave the residential rental market,” thereby “amount to a substantive limit on the right of a landlord to withdraw units from the rental market” that was preempted. [Id. at 479](#). In support of this conclusion, the Court cited numerous other cases to the same effect. [Id. at 480](#).

[Coyne v. City & Cty. of San Francisco, 9 Cal. App. 5th 1215 \(2017\)](#), *rev. den.*, [2017 Cal. LEXIS 4979 \(June 28, 2017\)](#), is also instructive. In that case, property-owners challenged a relocation payment scheme adopted by San Francisco, contending it was preempted by the [Ellis Act](#) under both “field” and “contradiction” principles. No provision of the Act squarely prohibited relocation payments. Indeed, the Act specifically preserved local governments’ right to “to mitigate any adverse impact on persons displaced by reason of the withdrawal from rent or lease of any accommodations,” [Govt. Code § 7060.1\(c\)](#), which had been interpreted to allow relocation payments in some circumstances. *See* [Pieri v. City & County of San Francisco, 137 Cal. App. 4th 886 \(2006\)](#). Nevertheless, the *Coyne* court concluded that the

city's relocation payments *contradicted* the Ellis Act, because that Act gave property-owners a state law right to exit the rental housing business, and the relocation payment scheme placed on an “undue burden” on the exercise of that right. [9 Cal. App. 5th at 1227](#). The court didn't even reach the question of “field” preemption. [Id. at 1235](#).<sup>7</sup>

Importantly, the *Coyne* court held that the Ellis Act didn't only preempt a local government from directly compelling a landlord to stay in the rental business, but also from achieving that result “*indirectly* by exacting a price that is so high that landlords can't in practice pay it or even that will materially deter them from” exercising their state law rights. [9 Cal. App. 5th at 1226](#) (quoting appellants' concession at oral argument) (emphasis added).

Moreover, this Court has clarified that “the demands/prohibits language” that Respondents, Intervenor and Amici rely upon so heavily “should not be misunderstood to improperly limit the scope of the preemption inquiry,” and that “other statements in our *City of Riverside* opinion ‘make[] clear’ that ‘state law may preempt local law when local law prohibits not only what a state statute “demands” but also what the statute permits or authorizes.’” [Chevron U.S.A. Inc. v. Cty. of](#)

---

<sup>7</sup> Unlike the Ellis Act, Costa-Hawkins contains no comparable grant of local authority to “mitigate” adverse impacts. Thus, under Costa-Hawkins the question is not whether the payments required by section 1806(b)(C) are “prohibitive” but simply whether they burden the state law right at all.

Monterey, 15 Cal. 5th 135, 149 (2023) (“*Chevron*”) (quoting City of Riverside, 56 Cal. 4th at 763 (Liu, J., concurring)). Thus, the fact that landlords in Pasadena could theoretically comply with both Costa-Hawkins and section 1806(b)(C), by raising the rent to whatever level they wish and then taking their lumps with relocation assistance does not preclude a finding of contradiction or inimical preemption.

Indeed, this Court rejected precisely such an argument in *Chevron*. In that case, Protect Monterey County, who had sponsored a local ban on certain methods of drilling oil and gas wells, argued that the ban did not conflict with state law directing the State Oil and Gas Supervisor to authorize any method of extraction that, in his opinion, would serve the purpose of state law, *i.e.*, “increasing the ultimate recovery or underground hydrocarbons,” id. at 149, “because well operators c[ould] comply with both Measure Z and section 3106 by not using the oil production methods Measure Z bans, or by ceasing to produce oil in the County altogether. In essence, PMC argue[d]”—as Intervenors, Respondents, and *Amici* do—“that the theoretical possibility of compliance with both state and local law is sufficient to overcome preemption.” Id. at 150.

This Court held, “PMC’s argument fails because, as noted above, compliance with both laws must be ‘*reasonably possible*,’” and requiring well operators to conform to a local measure that frustrated the statutory aim of state law was not reasonable;

“Carried to its logical extension, PMC’s argument would mean that a local law that contradicts state law would never be preempted, because in almost every case, it is theoretically possible for a party to comply with state and local laws that contradict each other, simply by not engaging in the conduct prohibited by local law. Our statement in *City of Riverside* does not narrow the scope of contradiction preemption in this manner.” [\*Id.\*](#)

In support of that holding, this Court gave the following additional example:

Take, for example, our conclusion in [\*Ex Parte Daniels\* \(1920\) 183 Cal. 636, 647–648](#), that contradiction preemption applies to a local ordinance setting the maximum speed limit lower than that set by state law. [Citation.] It may be *possible* for a local resident to comply with both laws by driving at or below the lower, local speed limit, or by not driving at all, but this does not mean that compliance with both laws is “reasonably possible” [citation] such that the local law is not preempted.

[\*Chevron\*, 15 Cal. 5th at 150 n.8](#) (italics in original).

Likewise in this case, state law authorizes the owners of exempt rental units to set rental rates as they see fit. Measure H effectively sets a lower limit by imposing financial penalties on owners who have the temerity to set rents at a rate above a threshold expressly tied to the City’s rent limits. It may be theoretically possible to comply with both, but it is not

“reasonably” possible to do so without frustrating the purposes of Costa-Hawkins.

Finally, regarding the florid predictions that the decision below will mean “local governments cannot implement laws that have *any* financial implications for landlords” of exempt units, because those laws could have the “indirect effect” of reducing the landlords’ profits (*see* Resp. Pet. at 36-37 [italics in original]; Intervenor’s Pet. at 22-27; *Amici* Ltr. at 5-6), that was not Appellants’ argument nor the Court’s holding. The Court held that the relocation payment requirement is preempted because it “financially penalizes landlords for exercising their rights under” Costa-Hawkins. [CAA, 117 Cal. App. 5th at 236](#). It makes no mention of “profits.”

This argument simply ignores the reality of this case: section 1806(b)(C)’s imposition on owners’ rights is “indirect” only in the sense that it seeks to achieve the result of protecting tenants from rent increases the City deems “excessive” by penalizing those increases *ex post*, rather than prohibiting them *ex ante*. Yet the penalties are still *directly* triggered by landlords’ exercise of their state law rights. Costa-Hawkins authorizes owners to raise rents as they see fit; Pasadena penalizes them for doing so. That is far different from other regulations that may incidentally affect landlords’ “profits” but that are unrelated to their exercise of Costa-Hawkins rights.

**C. This Case Was Not Decided Under Federal “Obstacle” Preemption Case Law.**

Respondents, Intervenors, and *Amici* spill copious ink arguing that the decision below is an application (*sotto voce*) of federal “obstacle” preemption, and that review by this Court is necessary because “[t]his [C]ourt has never said explicitly whether state preemption principles are coextensive with the developed federal conception of obstacle preemption[.]” (*See, e.g.,* Resp. Pet. at 26, quoting [\*T-Mobile West LLC v. City & County of San Francisco\*, 6 Cal. 5th 1107, 1123 \(2019\)](#).) Intervenors and *Amici* argue strenuously against its adoption.

This, too, is a red herring. The Court didn’t purport to apply federal “obstacle” preemption, and it cited no federal cases in that part of the opinion. It exclusively applied state preemption case law, including [\*Palmer\*](#), [\*Coyne\*](#), this Court’s decision in [\*Chevron\*](#) (which disclaimed any reliance on federal preemption standards, [15 Cal. 5th at 150 n.9](#)), and the Court of Appeal’s decision in that case, [\*Chevron U.S.A., Inc. v. Cty. of Monterey\*, 70 Cal. App. 5th 153 \(2021\)](#), which this Court affirmed, and which likewise disclaimed reliance on federal preemption, *see id. at 172*. Those cases stand for the proposition that—as a matter of *state* law—“[W]hen a statute or statutory scheme seeks to promote a certain activity and, at the same time, permits more stringent local regulation of that activity, local regulation cannot be used to completely ban the activity or otherwise frustrate the statute’s purpose.” *Id.* (quoting [\*Great Western Shows v. Cty. of\*](#)

[L.A., 27 Cal. 4th 853, 868 \(2002\)](#)).<sup>8</sup> That principle should have even greater force here, where the Legislature has *not* “permit[ted] more stringent local regulation” of rental rates on exempt units.

Simply put, the Court of Appeal properly applied straightforward preemption principles based in long-standing California state case law—including decisions of this Court—and did not import previously un-approved federal standards. Allegations to the contrary are entirely without merit.

**D. There Is No Conflict Between Costa-Hawkins and the Tenant Protection Act.**

In an alternative effort to manufacture an issue of statewide importance, Respondents and *Amici* (though, tellingly, not Intervenor) focus extensively on the [Tenant Protection Act](#) and suggest it somehow either (1) creates an ambiguity or conflict as to the application of Costa-Hawkins or (2) affirmatively authorizes Pasadena to require the payment of relocation assistance to tenants who vacate a property rather than pay a

---

<sup>8</sup> *Amici* argue that the appeals court’s citation of *Great Western Shows* demonstrates its reliance on federal “obstacle” preemption in this case. (See *Amici* Ltr. at 4-5.) The argument makes little sense, because (1) this Court expressly disclaimed reliance on federal preemption principles in [Chevron](#), while still relying on *Great Western Shows*, indicating that the Court viewed the latter case as one of state contradiction analysis, see [15 Cal. 5th at 149](#), and (2) *Great Western* also didn’t apply “obstacle” preemption.

Costa-Hawkins-authorized rent increase. Neither argument is correct.

There is no ambiguity as to how the two statutes mesh. The TPA consists of two main parts—a provision imposing statewide “just cause for eviction” standards for most units, [§ 1946.2](#), and a separate provision imposing a limited form of statewide rent regulation, [§ 1947.12](#). The former, though it provides that “[d]efault in the payment of rent” is an “at-fault” just cause for eviction, [§ 1946.2\(b\)\(1\)\(A\)](#), otherwise says nothing at all about what lawful rental rates are. It, therefore, has no bearing on Costa-Hawkins’ application. Respondents’ argument to the contrary is addressed below.

As for the latter provision, Costa-Hawkins and the TPA complement each other rather than conflicting. There are now three main categories of rental housing when it comes to rent increase limitations. First, there are the units that were already subject to local rent control before the TPA was passed, consistent with Costa-Hawkins. Those units remain subject to local rent control, just as before. *See* [§ 1947.12\(d\)\(3\), \(m\)\(2\)](#). However, those are not the units at issue here, because “[t]he relocation assistance requirement applies only to exempt units, not to units covered by rent control[.]” [CAA, 117 Cal. App. 5th at 240](#).

The second and third categories both consist of units that are exempt from local rent control under [§ 1954.52\(a\)](#). For one



subset of those exempt units—single-family homes and condominiums owned by certain corporate entities, multifamily units constructed after February 1, 1995, but more than 15 years ago, etc.—the TPA now imposes a form of *state* rent control, limiting annual increases to the lesser of 10% or the increase in the CPI plus 5%. [§ 1947.12\(a\)](#). But the TPA leaves in place Costa-Hawkins’ prohibition on the application of *local* rental limits to those units. The Legislature regulated those rents directly, rather than authorizing local regulation. Indeed, it is explicit on this point:

(2) ... This section is not intended to expand or limit the authority of local governments to establish local policies regulating rents consistent with Chapter 2.7 (commencing with [Section 1954.50](#)) [*i.e.*, Costa-Hawkins], nor is it a statement regarding the appropriate, allowable rental rate increase when a local government adopts a policy regulating rent that is otherwise consistent with Chapter 2.7 (commencing with [Section 1954.50](#)).

(3) Nothing in this section authorizes a local government to establish limitations on any rental rate increases not otherwise permissible under Chapter 2.7 (commencing with [Section 1954.50](#)), or affects the existing authority of a local government to adopt or maintain rent controls or price controls consistent with that chapter.

[§ 1947.12\(m\)\(2\) and \(3\)](#).

The final category of rental units, such as single-family homes owned by individuals or family trusts, multi-unit buildings built in the last 15 years, etc., remain fully exempt from both

local rent control under Costa-Hawkins *and* state rent control.  
[§ 1947.12\(d\)](#).

Respondents nevertheless urge that the decision below creates a conflict between Costa-Hawkins and the TPA because [§ 1946.2](#) purportedly authorizes local governments to impose more restrictive “just cause for eviction” rules—including higher relocation assistance requirements—than the TPA imposes itself. (Resp. Pet. at 33-36.) That mischaracterizes the statute, which merely provides that if a local government adopts a “just cause for eviction” ordinance that requires higher amounts than those imposed by [§ 1946.2](#), the TPA’s provisions “do[] not apply.” [§ 1946.2\(i\)](#). It does not, however, affirmatively grant local governments authority they would not otherwise have with respect to such ordinances, including authority to contradict Costa-Hawkins—it only permits “tenant protections that are not prohibited by any other provision of law.” [§ 1946.2\(i\)\(1\)\(B\)\(ii\)](#).<sup>9</sup>

---

<sup>9</sup> Respondents’ argument that this provision’s use of the phrase “prohibited by” rather than “preempted by” or “in conflict with” means the Legislature meant to give local governments broad power (Resp. Pet. at 35) is an artificial distinction. “A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not *in conflict* with general laws.” [Cal. Const. art. XI, § 7](#) (emphasis added). “If otherwise valid local legislation conflicts with state law, it is preempted by such law and is void.” [Candid Enterprises, Inc. v. Grossmont Union High School Dist.](#), 39 Cal. 3d 878, 885 (1985). “A *prohibited* conflict exists if the local ordinance duplicates or contradicts general law or ‘enters an area either expressly or impliedly fully occupied by general law.’” [Brookside Invs., Ltd. v. City of El Monte](#), 5 Cal. App. 5th 540, 556 (2016)

Moreover, [§ 1946.2](#) addresses relocation assistance exclusively in the context of no-fault *evictions*. As discussed more fully below, section 1806(b)(C)’s relocation assistance requirement is not triggered by any “eviction.”

Next, Respondents argue that the fact the Legislature enacted the TPA and the [Housing Crisis Act of 2019](#), in the process qualifying the provision of the Ellis Act construed in [Coyne](#), “demonstrate that the Legislature recognizes the increased need to protect tenants from displacement pressures.” (Resp. Pet. at 31.) Perhaps. But the fact that the Legislature has chosen to regulate on these topics says nothing about local governments’ authority to do so. Preemptive state laws—Costa-Hawkins and the Ellis Act—remain in effect and continue to constrain municipalities. Indeed, to the extent the TPA has any bearing on this case at all, it supports preemption of Pasadena’s relocation assistance provision, because it further emphasizes that the level of permissible rent increases for “exempt” units is a matter that the Legislature has seen fit to comprehensively regulate itself; it reveals a “patterned approach” to that subject evidencing an intent to address the matter directly, to the exclusion of local interference. See [Tri Cty. Apartment Ass’n v. City of Mtn. View](#), 196 Cal. App. 3d 1283, 1296 (1987).

---

(quoting [Am. Fin. Servs. Ass’n v. City of Oakland](#), 34 Cal. 4th 1239, 1251 (2005)) (emphasis added).

Finally, *Amici* claim the Court below improperly “conflates” two distinct concepts: “anti-rent-gouging” and “rent control,” thereby creating a conflict between the TPA and Costa-Hawkins. (*Amici* Ltr. at 6-8.) This argument suffers multiple flaws.

First, the decision below doesn’t conflate “rent gouging” with “rent control”—it doesn’t even refer to the former.

Second, the text of Costa-Hawkins makes no such distinction and is not limited to “rent control.” It simply authorizes landlords to set rental rates “notwithstanding any other provision of law.” [§ 1954.52\(a\)](#).<sup>10</sup>

Third, even if one accepts the distinction, it is *Amici* who are moving the goal posts, not the appeals court. *Amici* surreptitiously try to redefine rent increases authorized by Costa-Hawkins and not prohibited by the TPA—*i.e.*, those covered by section 1806(b)(C)—as illegal “rent-gouging” when the Legislature itself has not defined them that way. In short, they’re second-guessing the Legislature’s line-drawing between the two concepts.

Part of the issue may be that *Amici* appear to misunderstand when section 1806(b)(C) applies. It seems they believe Measure H’s relocation assistance threshold and the

---

<sup>10</sup> Though the title of the chapter in which Costa-Hawkins is found is “Residential Rent Control,” “Title, division, part, chapter, article, and section headings do not in any manner affect the scope, meaning, or intent of the provisions of th[at] code.” [Govt. Code § 6](#).

TPA’s “rent-gouging” threshold are the same. They are not. The TPA restricts rent increases—for some units<sup>11</sup>—that exceed the greater of 10% or 5% plus the increase in CPI, *see* [§ 1947.12\(g\)\(3\)\(A\)](#); section 1806(b)(C), however, applies to rent increases that exceed 5% plus the increase that would be allowed if the unit were not exempt under Costa-Hawkins, which is *only* 75% of the CPI increase—lower than the TPA trigger—and the Rent Board can reduce that threshold further. *See* [CAA, 117 Cal. App. 5th at 230 n.15](#).<sup>12</sup>

*Amicis*’ argument also completely ignores the fact, discussed above, that the TPA expressly disclaims any intention of authorizing local governments to adopt rent regulations that Costa-Hawkins didn’t already allow. [§ 1947.12\(m\)\(2\)-\(3\)](#).

In short, nothing in the TPA conflicts with Costa-Hawkins (as interpreted by the Court below) or requires this Court’s intervention. The Legislature created a three-tiered system and specified who gets to prescribe rent limits for each: local governments for units that are not exempt under Costa-Hawkins; the State itself for a subcategory of exempt units; and landlords

---

<sup>11</sup> It bears noting that the TPA allows the owners of some rental units to raise rents without limits—an odd result if true “rent-gouging” were involved. *Compare* [Pen. Code § 396](#) (criminalizing rent-gouging during declared emergencies, without exceptions for certain units).

<sup>12</sup> To the extent Measure H penalizes rent increases that the TPA prohibits, the Legislature has prescribed the pertinent remedies, *see* [§ 1947.12\(k\)](#), so the City is improperly second-guessing the Legislature there, too.

for the rest. The decision below is entirely consistent with this structure.

**E. The Court of Appeal Rightly Rejected the Argument that Costa-Hawkins’ “Savings” Clause Authorizes the Relocation Assistance Provision.**

Respondents (though not Intervenors or *Amici*) also argue that the relocation assistance requirements are authorized by Costa-Hawkins’ “savings clause,” found in [§ 1954.52\(c\)](#), which provides,

Nothing in this section shall be construed to affect the authority of a public entity that may *otherwise* exist to regulate or monitor the *basis for eviction*.”

(Emphasis added.) The Court of Appeal rightly rejected this argument.

For one thing, as the Court noted, savings clauses are construed narrowly and not interpreted to authorize activity that contradicts the statutory scheme containing the savings clause. [117 Cal. App. 5th at 237](#). See also [Action Apartment Ass’n, Inc. v. City of Santa Monica](#), 41 Cal. 4th 1232, 1245 (2007) (characterizing as “narrowly focused” the savings clause of Costa-Hawkins vacancy-decontrol provisions).

Moreover, the language of [§ 1954.52\(c\)](#)—including the italicized terms above—must be harmonized with [§ 1954.52\(a\)](#), which provides, “*Notwithstanding any other provision of law*, an owner of residential real property may establish the initial and

all subsequent rental rates for” an exempt unit. (Emphasis added.)

Focusing on the language of Costa-Hawkins’ savings clause with the foregoing principles in mind, [§ 1954.52\(c\)](#) simply does not apply here, because when a tenant chooses to vacate their premises in response to a notice of rent increase,<sup>13</sup> that is simply not an “eviction.” See [§ 1954.52\(a\)\(3\)\(C\)\(iii\)](#) (distinguishing between situations where “the tenant has voluntarily vacated, abandoned, or been evicted”).

The City argues that, while not a *literal* eviction, it is a “constructive eviction,” and that the Court below erred by holding that [§ 1954.52\(c\)](#) “applies only to express evictions, not constructive evictions (Op. 65), and only to evictions made in bad faith, not to lawful evictions made in good faith.” (Resp. Pet. at 32.) In fact, however, the Court actually held that “Imposing such a lawful rent increase, even on a tenant who is unable to pay the increased amount, *is not a constructive eviction*,” [117 Cal. App.](#)

---

<sup>13</sup> Section 1806(b)(C) refers to a tenant who is “displaced” based on his or her inability to pay a rent increase over the specified amount. To interpret the word “displacement” to in that subsection to include a subsequent eviction for the nonpayment of rent, rather than voluntary departure, would make Measure H incoherent. Section 1806(l) provides that failure to provide relocation assistance is “a complete affirmative defense in an unlawful detainer or other action brought by the Landlord to recover possession of the Rental Unit,” but interpreting an eviction to be the “displacement” would mean the right to relocation assistance would not attach until after the affirmative defense is moot.

[5th at 238](#) (emphasis added). That holding, and not Respondents’ argument, conforms to the case law governing constructive evictions.

Unless the landlord physically interferes with the tenants’ possession—a circumstance not at issue here—the elements of a constructive eviction are that the tenant (1) vacated the premises (2) in response to a wrongful act or omission that (3) the landlord undertook with malice or bad faith. See [Lindenberg v. MacDonald](#), 34 Cal. 2d 678, 682-84 (1950); [Nativi v. Deutsche Bank Nat’l Tr. Co.](#), 223 Cal. App. 4th 261, 312 (2014); [7 Cal. Real Estate Law & Practice](#) (2026), § 200.51. The rent increases to which Section 1806(b)(C) apply are not wrongful—Costa-Hawkins expressly authorizes them—and Measure H does not require any showing of malice or bad faith. To the contrary, Measure H’s focus is on the financial circumstances of the tenant and the broader rental market, for which the landlord is not responsible. Cf. [Coyne](#), 9 Cal. App. 5th at 1230-31 (provision of Ellis Act authorizing municipalities to “mitigate” adverse effects of evictions under the Act did not extend to requiring landlords to subsidize tenants’ future rents to offset broader market forces for which individual landlord was not responsible).

**F. The Court of Appeal Correctly Applied the Standards for Facial Challenges.**

Finally, Respondents argue, briefly, that the Court below improperly decided this case as a facial challenge, because the



Pasadena Rent Board has not decided exactly what the amount of relocation assistance would be. (Resp. Pet. at 37-38.) The implication is that if the City only penalized the exercise of landlords' state law rights a little, that would be okay, and we don't know if that's the case yet. The Court of Appeal rightly rejected this argument. [117 Cal. App. 5th at 233-34](#).

In [Coyne](#), San Francisco argued that a facial challenge to that City's relocation payment ordinance under the Ellis Act was improper, "given the range of potential mitigation payments possible," because "the *Coyne* plaintiffs 'ha[d] never attempted to show that all or most landlords will be *unable* to exercise their Ellis Act rights if the [a]mended [o]rdinance is upheld.'" [9 Cal. App. 5th at 1232](#) (italics in original). This is essentially the argument advanced by Respondents here. The *Coyne* court rejected that argument, holding that its decision "depend[ed] not at all on" the amount in question, whether it be \$1 or the maximum \$50,000:

Rather, we conclude the City's enhanced relocation payment regulations are on their face preempted as *categorical infringements* which impose a prohibitive price on a landlord's right to exercise his rights to go out of the residential rental business. Because there is no set of circumstances under which we view this type of payout obligation as valid, we make no conclusions about their application or what particular relocation payment threshold imposes a prohibitive price.

Id. (emphasis added). It reached that conclusion, even though some relocation payments had previously been deemed permissible under the Ellis Act (unlike Costa-Hawkins, *see* note 7, *supra*), because the payments in *Coyne* were imposed for impermissible purposes.

The Court below likewise concluded—rightly—that “section 1806, subdivision (b)(C) imposes a categorical infringement on a landlord’s right under the Costa-Hawkins Act to set rent on an exempt unit at whatever rate the landlord chooses. Thus, it matters not that the amount of required relocation assistance is not yet ascertainable.” [CAA, 117 Cal. App. 5th at 234](#). In other words, any level the Rent Board set would be facially preempted.

**IF REVIEW WERE NEVERTHELESS TO BE  
GRANTED, AN ADDITIONAL ISSUE SHOULD  
BE CONSIDERED**

For the reasons discussed above, the Court of Appeal’s ruling that Costa-Hawkins preempts the City’s relocation assistance requirements was correct, and there is no need for review by this Court. Indeed, to the extent the appeals court did err, it did so by rejecting another, alternative basis for that ruling, holding that the doctrine of “[f]ield preemption thus does not apply to the relocation assistance requirement.” [117 Cal. App. 5th at 232](#). If the Court were to grant review of this case, Petitioners respectfully request, pursuant to [Rule 8.504\(c\) of the](#)

[Rules of Court](#), that the Court grant review as to that issue as well.

Insofar as the appeals court summarized the standards governing field preemption, Petitioners have no quibble. Where the Court went astray is in defining the “field” in question too broadly. The Court held that “[t]he text of [Costa-Hawkins] contains no express statement of intent to fully occupy the broad *field of rent control*. Nor has the Legislature impliedly manifested such intent.” [117 Cal. App. 5th at 232](#) (emphasis added). It observed that the Legislature has expressly permitted local governments to enact rent control regulations to the extent “otherwise consistent” with Costa-Hawkins.

However, the relevant “field” is not “rent control” *generally*, “because ‘[a] field cannot properly consist of statutes unified by a single common noun.’” [Fisher v. City of Berkeley, 37 Cal. 3d 644, 707 \(1984\)](#) (quoting [Galvan v. Superior Court, 70 Cal. 2d 851, 862 \(1969\)](#)) (“rent” too broad a field). *See also* [Birkenfeld v. Berkeley, 17 Cal. 3d 129, 150-51 \(1976\)](#) (though state law did not occupy the broad field of setting rents, it did occupy the narrower field of eviction procedures).

Rather, the proper “field” for purposes of the field preemption analysis is the regulation of rents *for the exempt units identified in § 1954.52(a)*, with respect to which the Legislature has provided that landlords may “adjust the rent on such

property at will, “[n]otwithstanding any other provision of law.”

[\*DeZerega\*, 83 Cal. App. 4th at 41](#) (quoting [§ 1954.52\(a\)](#)).

[\*AAGLA I, supra\*](#), illustrates the point. In that case, the court of appeal had to determine whether a portion of Los Angeles’ rent control law that “prohibited a landlord, after termination or nonrenewal of a Section 8 housing contract with the city’s housing authority, from charging the tenant more than the tenant’s portion of the rent under the former contract, without any limitation as to time,” was preempted by Costa-Hawkins. [136 Cal. App. 4th at 120](#). The Court held it was, because “[s]tate law fully occupies the field of the length of time a tenant’s rent payment is frozen following notice of termination or nonrenewal of a Section 8 agreement.” [Id. at 130](#). That the Legislature had not expressed an intent to fully occupy the “broad field of rent control” did not preclude the court from concluding that with respect to the narrower “field” of post-Section 8 rental rates, the Legislature had expressed such an intent.

Likewise in this case, with respect to rental rates for “exempt” units the Legislature has expressed an intent to preclude local regulation. This issue is appropriate for the Court to review on the current record because questions of preemption are pure questions of law, subject to *de novo* review. [Chevron](#), [15 Cal. 5th at 143](#).

## CONCLUSION

Based on the above argument and authorities, and on the published Court of Appeal opinion, it is respectfully submitted that the Court correctly determined that Pasadena's "relocation payment" requirements contradict and are preempted by Costa-Hawkins insofar as they apply to tenants who choose to vacate their units rather than pay a rent increase that State law authorizes landlords to impose. Therefore, review should be denied.

However, in the event review is granted, this Court should decide the additional issue proposed by Petitioners in this answer.

February 17, 2026

Respectfully submitted,

NIELSEN MERKSAMER LLP

By: 

Christopher E. Skinnell

*Attorneys for Petitioner/Plaintiffs &  
Appellants* CALIFORNIA APARTMENT  
ASSOCIATION, AHNI DODGE, SIMON  
GIBBONS, MARGARET MORGAN,  
DANIELLE MOSKOWITZ & TYLER  
WERRIN

Document received by the CA Supreme Court.

## WORD COUNT CERTIFICATION

Christopher E. Skinnell, Esq., declares:

1. I am licensed to practice law in the State of California, and I am counsel of record for Petitioner/Plaintiffs and Appellants CALIFORNIA APARTMENT ASSOCIATION, AHNI DODGE, SIMON GIBBONS, MARGARET MORGAN, DANIELLE MOSKOWITZ, & TYLER WERRIN in this matter. I make this declaration to certify the word length of the Petitioner/Plaintiff and Appellants' foregoing "**Combined Answer to Petitions for Review**" ("Answer").

2. I am familiar with the word count function within the Microsoft Word software program by which this Answer was prepared. Applying the word count function to the Answer, I determined and hereby certify pursuant to California Rules of Court, Rule 8.504(d), that it contains **8,399** words.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and of my own personal knowledge except for those matters stated on information and belief and, as to those matters, I believe them to be true. If called as a witness, I could competently testify thereto.

Executed on February 17, 2026, at San Rafael, California.



Christopher E. Skinnell, Declarant

## **PROOF OF SERVICE**

I, TAYLOR FOSTER, declare as follows:

I am over eighteen years of age and a citizen of the State of California. I am not a party to this action. My business address is 2350 Kerner Boulevard, Suite 250, San Rafael, California 94901, and my electronic service address is [tfoster@nmgovlaw.com](mailto:tfoster@nmgovlaw.com).

On February 17, 2026, I served the foregoing “**Combined Answer to Petitions for Review**” on the following persons:

Robin Johansen <a href="mailto:rjohansen@olsonremcho.com">rjohansen@olsonremcho.com</a> Margaret Prinzing <a href="mailto:mprinzing@olsonremcho.com">mprinzing@olsonremcho.com</a> Kristen Mah Rogers <a href="mailto:kr Rogers@olsonremcho.com">kr Rogers@olsonremcho.com</a> Emily A. Uchida <a href="mailto:euchida@olsonremcho.com">euchida@olsonremcho.com</a> OLSON REMCHO, LLP 1901 Harrison St., Ste. 1550 Oakland, CA 94612 Phone: (510) 346-6200  <i>Attorneys for Defendants and Respondents City of Pasadena and Pasadena City Council</i>	Fredric D. Woocher <a href="mailto:fwoocher@strumwooch.com">fwoocher@strumwooch.com</a> Beverly Grossman Palmer <a href="mailto:bpalmer@strumwooch.com">bpalmer@strumwooch.com</a> Julia Michel <a href="mailto:jmichel@strumwooch.com">jmichel@strumwooch.com</a> STRUMWASSER & WOOCHER LLP 1250 6th Street, Suite 205 Santa Monica, CA 90401 Phone: (310) 576-1233  <i>Attorneys for Intervenors and Respondents Michelle White, Ryan Bell, and Affordable Pasadena</i>
---	---

**X** **BY ELECTRONIC SERVICE:** Pursuant to California Rules of Court, Rule 8.70 I caused the documents to be served electronically through TrueFiling in portable document format (“PDF”) Adobe Acrobat.

On that same day I also served a copy of the Combined Answer to Petitions for Review on the following person:

Clerk of the Court  
Los Angeles Superior Court  
11 North Hill Street, Dept. 82  
Los Angeles, California 90012

Document received by the CA Supreme Court.

**X**     **BY U.S. MAIL:** By following ordinary business practices and placing for collection and mailing at 2350 Kerner Blvd., Suite 250, California 94901 a true and correct copy of the above-referenced document(s), enclosed in a sealed envelope; in the ordinary course of business, the above documents would have been deposited for first-class delivery with the United States Postal Service the same day they were placed for deposit, with postage thereon fully prepaid.

I declare under penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct.

Executed February 17, 2026, at San Rafael, California.



TAYLOR FOSTER

Document received by the CA Supreme Court.