



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

January 29, 2026

Kevin G. Ennis
Special Counsel, City of Pasadena
350 South Grand Avenue, 37th Floor
Los Angeles, CA 90071

Re: Your Request for Formal Advice
Our File No. A-25-135

Dear Mr. Ennis:

This letter responds to your request for advice on behalf of Pasadena Rental Housing Board (“PRHB”) Member Emily Wernberg regarding the conflict of interest provisions of the Political Reform Act (the “Act”).¹

Please note that we are only providing advice under the conflict of interest provisions of the Act and not under other general conflict of interest prohibitions such as common law conflict of interest or Section 1090.

Also note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

QUESTIONS

1. Under the Act, may Board Member Wernberg take part in PRHB decisions adopting regulations affecting landlord-tenant rights for residential units covered by “Measure H,” given that she owns four residential rental properties covered by Measure H?
2. Under the Act, may Board Member Wernberg take part in the PRHB’s review of Assembly Bill 1218 and subsequent decisions to potentially recommend that the Pasadena City Council adopt an ordinance to require the “one-for-one” replacement of demolished protected units, including rent stabilization units?

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

CONCLUSION

1-2. With respect to each of the PRHB decisions at issue, Board Member Wernberg has a financial interest based on the respective decisions' impact on the permitted use of, or restrictions placed on, her rental properties. However, based on the decisions identified, it appears that the decisions would impact a significant segment of the public in a similar manner, and the effect on Board Member Wernberg's rentals is not unique. In this case, the "public generally exception" permits her to take part in the decisions. We must caution, though, that the decisions identified are broad and generally described. Additionally, the conclusion reached above applies only to the extent that there is no unique effect on Board Member Wernberg's rentals. To the extent that decisions before the PRHB become more specific, Board Member Wernberg should seek additional advice if there are any indications of a unique effect on her rental unique in comparison to other rental properties.

FACTS AS PRESENTED BY REQUESTER

Background on Measure H

On November 8, 2022, City voters approved a rent control measure known as Measure H. Measure H amended the City's Charter to add a new Article XVIII entitled "The Pasadena Fair and Equitable Housing Charter Amendment." Measure H established the PRHB. The PRHB has the authority to determine permissible rent adjustments, conduct investigations, adjudicate petitions, establish regulations, and impose landlord fees and penalties for noncompliance with Measure H. Measure H imposes protections against evictions. Landlords may only terminate tenancies for just-cause conditions, such as nonpayment of rent, breach of lease, creating a nuisance and eight other conditions. Landlords must provide relocation assistance under four conditions, such as owner move-in and making necessary and substantial repairs.

Measure H also imposes limitations on subsequent rent increases. Landlords may set tenants' rent at the time of move-in. Thereafter, landlords cannot increase rents for covered units more than allowed by "Annual General Adjustments," which are to be set at 75 percent of the percentage increase in the Consumer Price Index ("CPI"). Landlords may petition for a higher rent increase to ensure a "fair return." Tenants may seek rent reductions due to inadequate housing services or maintenance.

All residential units that are covered under Measure H are subject to eviction protection, but not all residential units are also subject to rent stabilization. In other words, there are two categories of residences covered by Measure H: (1) those subject to both eviction protection and rent stabilization; and (2) those subject to only eviction protection and not rent stabilization.

Upcoming PRHB Decisions Affecting Landlord-Tenant Rights

In the future, the PRHB will be making decisions on the following: (i) promulgating minimally disruptive repair regulations regarding a landlord's entry for repairs that would ensure the least amount of disruption to the tenant; and (ii) adopting regulations on the Tenant Buyout

Notification Program (“Buyout Program”). These decisions would impact all units covered by Measure H because they relate to eviction protection.

With respect to the first issue, promulgating minimally disruptive repair regulations fulfills Measure H’s requirement that the PRHB “promulgate regulations for the repair and improvement of Rental Units to ensure the least amount of disruption for the Tenant.” [Charter Section 1806(a)(6)(A)]. These minimally disruptive repair regulations would contain measures to protect tenants from untenable housing conditions and/or avoidable harm, loss, or disruption caused by renovation or repair work occurring during their tenancies. The regulations may include a requirement that for certain work projects, property owners must prepare a Tenant Habitability Plan (“THP”) that describes the work and the methods that the owner, contractor, and workers will use to mitigate potential impacts of the work on the tenants and the tenants’ personal property.

Regarding the second issue, the potential Buyout Program provides for regulation, monitoring and enforcement of voluntary vacancies of Rental Units subject to Measure H occurring pursuant to a Buyout Agreement. The proposed Buyout Program regulations would provide specific requirements on the negotiation process for Buyout Agreements and the disclosure notice (e.g., the required timing and methods of service), and would require that the necessary documents under the Buyout Program be submitted to the Rent Stabilization Department (“Department”) to allow the Department to monitor the Buyout Agreements for compliance. Under the Buyout Program, a landlord may offer their tenant a certain amount of money to voluntarily vacate the rental unit during the term of a lease agreement by executing a Buyout Agreement. The minimum amount that must be paid to a tenant under the Buyout Program is the applicable relocation fee under the relocation schedule. The minimum amount, however, is several thousand dollars.

The Buyout Program regulations decision may include determining certain amounts, or at least a new minimum amount, that must be paid to a tenant under the Buyout Program. The new minimum amount may be somewhat higher than the applicable relocation fee on the relocation schedule. This is because, under the Buyout Program, the tenant would voluntarily vacate their unit. If the tenant were not entering into a Buyout Agreement, they would otherwise be entitled to the full period of a no-fault notice and relocation assistance.

Upcoming PRHB Decision Regarding Potential Demolished Unit Replacement Ordinance

Assembly Bill 1218 was passed by the California Legislature with an effective date of January 1, 2024, and includes requirements relating to the replacement of rent-protected housing units that are demolished as part of a housing development project. Under AB 1218, for “protected units” that are rent-protected and are occupied by persons or families that are above “lower income,” the City may determine whether to: (1) require that the replacement units be made available at affordable rent to, and be occupied by, low-income persons or families through a 55-year recorded affordability restriction (for rental units); or (2) require that the units be replaced in compliance with the City’s rent control ordinance.

The PRHB is planning to review AB 1218 and subsequent decisions and consider whether to recommend that the City Council adopt an ordinance requiring that any rent-stabilized residential units that are demolished must be replaced on a one-for-one basis with units in compliance with the City's rent control ordinance. The demolished unit replacement decision would only impact residential units covered by the rent stabilization provisions of Measure H.

Board Member Wernberg's Economic Interests

Board Member Wernberg is a member of the PRHB. In her private capacity, Board Member Wernberg is the owner and manager of 1278 Hudson, LLC, a California limited liability company ("1278 Hudson") that owns two 2-unit multi-family residential buildings on one parcel in the City. Of the four units owned by 1278 Hudson, one is a 1-bedroom unit, one is a studio unit, and two are 2-bedroom units. Each of the four units is currently rented to separate tenants, and each of the tenants is a source of income to 1278 Hudson, exceeding \$500 in a 12-month period.

Separate from the four-unit multi-family residential building owned by 1278 Hudson, Board Member Wernberg resides in and is a tenant of a single-family home located elsewhere in the City.

All four of Board Member Wernberg's residential rental units are subject to the rent stabilization and eviction protection provisions of Measure H. The single-family home in which she resides as a tenant is subject to eviction protection, but not rent stabilization, under Measure H.

Measure H Residential Unit Data

Based on data from the City and Los Angeles County, there are approximately 56,892 residential units in the City. Approximately 27,505 registered units are covered by Measure H; approximately 18,813 of those units are subject to both eviction protection and rent stabilization under Measure H, and 8,692 units are only subject to eviction protection. Stated differently, approximately 48 percent of all residential units in the City are registered and subject to the eviction protection provisions of Measure H, and approximately 33 percent of all residential units in the City are registered and subject to both the eviction protection and rent stabilization provisions.

Additionally, there are approximately 5,129 units that are covered by Measure H but are not registered and have been deemed non-compliant; some 3,136 of those units are subject to eviction protection and rent stabilization under Measure H, and 1,993 of those units are only subject to eviction protection under Measure H. Including both the registered and unregistered units covered by Measure H, there are a total of 32,634 residential units (57 percent of all residential units) in the City that are covered by Measure H.

Approximately 15,200 of the rent stabilization units subject to Measure H are owned by landlords who own four or more units. As such, some 26.7 percent of the City's residential units

are both: (1) subject to Measure H's rent stabilization and eviction protection provisions; and (2) owned by landlords with four or more rental units covered by Measure H.

ANALYSIS

Under Section 87100 of the Act, "[a] public official at any level of state or local government shall not make, participate in making or in any way attempt to use the official's position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest." "A public official has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of the official's immediate family," or on certain specified economic interests. (Section 87103.) Such economic interests include:

- (a) Any business entity in which the public official has a direct or indirect investment worth two thousand dollars (\$2,000) or more.
- (b) Any real property in which the public official has a direct or indirect interest worth two thousand dollars (\$2,000) or more.
- (c) Any source of income, except gifts or loans by a commercial lending institution made in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided or promised to, received by, the public official within 12 months prior to the time when the decision is made.

(Section 87103.)

Board Member Wernberg has an economic interests in 1278 Hudson as a business entity and source of income. She also has real property interests in the underlying real property of the rentals owned by 1278 Hudson, as well as source-of-income interests in the tenants of the rental properties. Finally, she also has a real property interest in the rental property she resides in as a tenant.

Landlord-Tenant Rights Decisions

Regulation 18701(a) provides the applicable standard for determining the foreseeability of a financial effect on an economic interest explicitly involved in the governmental decision. It states, "[a] financial effect on a financial interest is presumed to be reasonably foreseeable if the financial interest is a named party in, or the subject of, a governmental decision before the official or the official's agency. A financial interest is the subject of a proceeding if the decision involves the issuance, renewal, approval, denial or revocation of any license, permit, or other entitlement to, or contract with, the financial interest, and includes any governmental decision affecting a real property financial interest as described in Regulation 18702.2(a)(1)-(6)."

The reasonably foreseeable financial effect of a governmental decision on a parcel of real property in which an official has a financial interest, other than a leasehold interest, is material

whenever the governmental decision would change the permitted use of, or restrictions placed on, the property. (Regulation 18702.2(a)(5).) Here, the two issues for potential governmental decisions—minimally disruptive repair regulations and the Buyout Program—both would affect the permitted use of, or restrictions placed on, Board Member Wernberg’s rental properties. As such, the decisions would have reasonably foreseeable, material financial effects on Board Member Wernberg’s rental properties. Board Member Wernberg’s interest in her residence, which she rents and that is subject to Measure H’s eviction protection measures, would also experience a reasonably foreseeable, material financial effect for the same reasons. Consequently, she is prohibited from taking part in the decisions unless an exception applies.

Given this conclusion, we do not need to further analyze whether it is reasonably foreseeable the decisions would have a material financial effect on Board Member Wernberg’s interest in 1278 Hudson as a business entity or source of income, or any interest in her tenants as sources of income.

Demolished Unit Replacement Ordinance

The PRHB is also anticipating a decision regarding a recommendation to the City pertaining to AB 1218’s rent-protected housing unit replacement requirements. The PRHB would be making a recommendation on whether the City should: (1) require that the replacement units be made available at affordable rent to, and be occupied by, low-income persons or families through a 55-year recorded affordability restriction (for rental units); or (2) require that the units be replaced in compliance with the City’s rent control ordinance.

As with the decisions involving landlord-tenant rights, discussed above, a decision on the form of rent protection that applies to demolished rent-stabilized housing units would potentially affect the permitted use of, or restrictions placed on, Board Member Wernberg’s rental properties. For example, if Board Member Wernberg sought to demolish one of her two-unit rental properties and construct a four-unit property, the City’s ordinance would determine whether two of the newly-constructed units were deed-restricted or subject to the Measure H rent control ordinance. As such, she is prohibited from taking part in the PRHB decision on the matter unless an exception applies.

Public Generally Exception

When an official has a disqualifying financial interest under the Act, an official may still participate under the “public generally” exception. Regulation 18703(a) permits a public official to take part in a governmental decision under the Act that affects one or more of the official’s interests if the decision’s financial effect on the interest is indistinguishable from its effect on the public generally. This standard is met if the official establishes that a significant segment of the public is affected, and the effect on the official’s financial interest is not unique compared to the effect on the significant segment. (Regulation 18703(a).)

Where the only interest the official has is in their primary residence, a significant segment of the public includes at least 15 percent of residential real property within the official’s jurisdiction. (Regulation 18703(b)(2).) Otherwise, a significant segment of the public is at least 25 percent of all businesses, real property, or individuals within the official’s jurisdiction. A

unique effect on an official's interest includes a disproportionate effect on the official's interests in business entities or real properties resulting from the cumulative effect of the official's multiple interests in similar entities or properties that is substantially greater than the effect on a single interest. (Regulation 18703(c)(3).)

Board Member Wernberg owns four rental properties subject to Measure H's eviction protection and rent stabilization measures. The regulations regarding landlord-tenant rights, discussed above, apply to residences subject to Measure H's eviction protection measures. The decision relating to a recommendation on a demolished unit replacement ordinance pertains to Measure H rent stabilization units. Approximately 15,200 residential units, or 26.7 percent of the City's residential units, are both: (1) subject to Measure H's rent stabilization and eviction protection provisions; and (2) owned by landlords with four or more rental units covered by Measure H. As such, a significant segment of the public would be affected by the decisions at issue and Board Member Wernberg's financial interest is not unique compared to the effect on that significant segment. Similarly, more than 50 percent of the jurisdiction's residential units are subject to Measure H's eviction protection measures, and there are no facts that suggest Board Member Wernberg's financial interest as a tenant of one such residential unit would be uniquely affected by any of the decisions at issue. Consequently, it appears the public generally exception permits Board Member Wernberg to take part in each of the governmental decisions discussed above.²

If you have other questions on this matter, please contact me at kcornwall@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

By:


Kevin Cornwall
Senior Counsel, Legal Division

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² We note that the provided facts describe the upcoming PRHB decisions in general terms. If a decision came before the PRHB involving additional facts establishing that the decision would have a unique effect on Board Member Wernberg's interests, the public generally exception would not apply. So long as the decisions would *not* have a unique effect on her interests, however, the public generally exception would apply.