

BEVERLY HILLS REAL ESTATE

Reviewing The City Council's Positions On Rent Stabilization Ordinance Ahead Of December Vote

By Victoria Talbot

When tenants first came to City Council and brought to light the allegations of horrendous behavior of abusive landlords, the council all but ignored them. Speaking in the public comment period for an item that was not on the agenda, they appeared in groups to ask for help.

Their complaints included a 10 percent annual rent increase, pipes which exploded in their units and on the vehicles in garages, lack of heat and air conditioning that sent some tenants to the hospital, electrical fires, plumbing that left them without working bathrooms or kitchens, frequent no-cause evictions and many other issues.

It appeared that only Councilmember Nancy Krasne was paying attention. She visited the units, and met the tenants. She insisted that rental housing be placed on the agenda. At one point, Krasne was helping to pay the rent of several tenants, after paying to put them up in hotels until the air conditioning was working.

That was five years ago. It has taken that long to get to this point, where the City Council is preparing next month to vote on the Rent Stabilization Ordinance.

For two years, tenants and landlords have worked together for countless painful hours to reach if not an understanding, at least respect - one which has grown over the many facilitated dialogue sessions with Sukhsimranjit Singh, director of the Strauss Institute for Dispute Resolution at Pepperdine University.

Many feel, however, that decisions were made at last week's City Council Study Session that could undermine the progress that has been made.

The rent control ordinance was set to give tenants a more equitable bargaining position and a sense of predictability and security to know that their housing would be secure, while protecting the landlord's expectation of making a reasonable return on the investment.

Prior to Tuesday's meeting, the abolition of no-cause eviction, the establishment of an annual rent increase cap, the rental registry, and other components of the ordinance were right on track.

Given Mayor Julian Gold's oft-stated desire to see that the RSO would be finalized by the end of the year, the City Council embarked on a binge of answering significant questions without

discussion or public input, with the intention of answering them all before there was a hard break for Closed Session.

It was a wonder to behold. While hundreds of people had worked tirelessly to seek sensible, well-thought-out solutions over years, all of that was jettisoned in less than two hours.

Nonetheless, Gold can state that it was on his watch and done before the end of the year.

"The product was a retreat from the City's prior inclusion of all rental units under rent stabilization to a program now reduced in scope through categorical exemptions for owner-occupied duplexes and higher-rent units," said Mark Elliot, founder of the Renters Alliance. "This 'lightning round' knocked down 35 important policy questions in about two hours flat without much of a nod to the city consultant's ten issue analysis memos and two rounds of facilitated dialogues. Instead, councilmembers seemed to bring their own values into the debate."

It may even have been in violation of California Government Code Section 65580, says Chairman of the Municipal League of Beverly Hills Thomas White.

"The untenable rent increases suggested by the City Council would be aggravating and potentially very damaging to more than half of Beverly Hills' residential population, and in direct conflict with state mandates to maintain adequate housing stock for all economic segments of our community," he said, referring to the astonishing decisions to make rent increases 3.5 -7.5 percent, depending on the Consumer Price Index.

"If the CPI is a fair and objective adjustment mechanism, setting the floor for a minimum increase is unnecessary, prejudicial to the tenant, and a windfall for the landlord," White stated.

And in the case of something called a "luxury unit exemption," one category of renter could see their rent increase spectacularly. "The sky's the limit," said Mayor Gold, who rejected even the egregious earlier 10-percent cap on the rent increase for these units.

Unfortunately, with the housing crunch, it is expected that developers will never build a moderate housing unit in place of these luxury units again.

A report by HR&A consultants studied the impact of passthroughs on renters. With the average rent \$2,243 in 2018, the CPI at 4.1 percent (\$91.96), passthroughs for refuse and alleyway maintenance (\$52), RSO registration fees (\$7.42), code enforcement fee (\$5.46), a water reliability fee (\$1.90), for a total of \$160/month - adds 4.65 percent to the rent, according to their report, available on the City's website.

While the city of Los Angeles has capped rent at 3 percent, the City of Beverly Hills has not. Historically, rent increases have averaged 2.4 percent here, which brings down the increase to the tenant to \$53.83.

Seismic retrofit could add an additional 2.49 percent to that total.

Why then, with seismic retrofit

looming in the future, did the City Council suddenly raise the base rate to 3.5 percent? No reason was given, nor was the public given any opportunity to discuss the increase. It is also unclear how the percentage of increase rose to 7.5 percent at the top.

While other cities cap the rent increase as a percentage of CPI, Beverly Hills renters can look at a possible rent increase that exceeds CPI if it falls below 3.5 percent.

Adding to a tenant's uncertainty is the City Council's decision to allow landlords of any size building to evict tenants to house family members, awarding them only 10 percent of the relocation fees for every year of tenancy after the first year- for which they are not entitled to any relocation fees.

Assuming that a renter who had only moved in within a year, who is probably still paying off the first, last, security and moving fees, doesn't deserve any relocation fees just because they have only lived there for one year, is mystifying. So is the payout of 10 percent per year. An eviction is an eviction.

"Permitting a tenant's displacement for the purported occupancy of a 'family member' is an obvious invitation to bad faith evictions," said White. "The majority of apartments are in landlord absentee buildings whose owners don't live in Beverly Hills and which are under professional management and intended strictly for long-term investment purposes - not family..."

A provision that allows a trial period for tenancy once again, places the renter in jeopardy. If, after one year, the landlord decides not to rent to that tenant again, they are simply off the hook and once again, the renter must come up with the first, last, security and moving fees.

"New tenants could expect to receive a notice just six months into their tenancy that their landlord will not continue to rent to them upon lease expiration," said Elliot. "No fees will be due. I see no distinction between this kind of probationary tenancy and the old no-cause eviction."

Many residents say they felt insulted by a final proposal from Councilmember Wunderlich to cap a proposed rental subsidy program to \$500,000 per year. This proposal is the epitome of uncertainty; renters dependent on a subsidy will not know if they will receive it - or how much it will be - until they have already made their budget for the year ahead.

For 2019, prospective tenants should beware. First, the rent is not all they will pay. That monthly cost will increase every year with the CPI, no matter what a renter's employer does with their salary. The renter may not even get a second year, so saving money to come up with for potential moving expenses is imperative. If renting a unit that is granted a luxury unit exemption, don't expect to be able to plan what your rent could be from year

(see 'RENT STABILIZATION' page 13)

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RENT STABILIZATION

(Continued from page 12)

-to-year. And if a landlord decides he doesn't want a tenant there after six months of tenancy or decides to move a "family member" in to the building, you could simply get a no-cause eviction without relocation fees.

For all the progress that had been made, it is believed that no one on the City Council is among the 61 percent of residents who are renters. Every renter in the City could potentially be evicted at a moment's notice without full relocation compensation and can expect a high rate of passthroughs and the ultimate cancellation of all that has been done to remedy – they can expect exorbitant rent increases annually.

With these provisions, the City Council has failed to protect over 60 percent of the residents.



Rent Stabilization Ordinance mediator Sukhsimranjit Singh

The City Council directed staff to prepare the ordinance with these provisions to return next month for the final vote. Renters across the City hope that they will begin to analyze what they have done, and perhaps, change their minds.

LISA KORBATOV

(Continued from page 1)

and the City Council, KorbatoV said that without question, the most contentious battle she has waged on behalf of the school board has been to prevent the Los Angeles County Metropolitan Transportation Authority (Metro) from putting two tunnels roughly 35 feet right underneath the main high school building.

"This was a 'bait and switch' pulled on the entire City, but it became the burden of the Board of Education to resist endangering our students, teachers, staff and parents," she said. "Why would any rational person believe that two electrified tunnels barely forty feet under a public high school full of kids and teachers, dug through an oil and gas field is a good thing? The risks are real. The danger extreme – an explosion is easy to set off with so much natural gas in the ground and the damage and loss of life would be devastating."

While the battle to get Metro to move the tunnels from running under classrooms will continue after KorbatoV is no longer on the board, her legacy is set to continue.

"The overarching issues I faced always centered around student safety, whether it was requesting permanent security SROs or rerouting the Metro subway from running under our instructional buildings or passing school bonds," she said. "Many former mayors and school board members were not collaborative and were actually standing in the way, obstructing subsequent school board majorities from these missions."

In addition to having helped negotiate the largest Joint Powers Agreement with the City Council in the school district's history and helping to establish the pre-funding of OPEB to lower districts' pension liabilities, KorbatoV listed the following as among her greatest achievements that she helped engender during her nine years on the board:

- Requiring rigorous graduation requirements for all BHHS students aligned with the CSU/UC admission requirements;
- Maintaining small class size for K- 3 and 4-5;
- Requiring all 11th grade students to take the PSAT;
- Recommending the high school's first dean of College Admissions;
- Expanding the number and access to Advanced Placement courses

at the high school;

- Launching the Medical/Science Academy at the high school;
 - Implementing K-12 Science, Technology, Engineering, Math (STEM) curriculum district wide and adding a middle school STEM program;
 - Restoring the GATE program for gifted and talented education, and creating a GATE coordinator position;
 - Restoring the Middle School Honors Program for Math and English;
 - Successfully transitioning the district to Basic Aid, which has since resulted in the influx of more than \$10 million in additional funding;
 - Creating a Career Technical Education (CTE) Committee to explore alternative academic college readiness pathways and hiring a CTE coordinator to implement a robust program;
 - Helping the district become the first in the State of California to remove the harmful term/label "Retardation" and replace with "Developmentally Disabled" for students who have special needs;
 - Hiring IXERO, which created a comprehensive school safety and security plan that includes plans for physical upgrades to harden the campuses to intruders;
 - Supporting Measure Y and Measure BH, which passed and will fulfill the mandate to rebuild most of the school district;
 - Raising the instructional minute cap at the high school, the number of minutes that teachers spend on instruction with students from 1,350 to 1,450 per week;
 - Successfully navigating a lawsuit from a contractor (Karen Christiansen) who ultimately sued the district for over \$22 million after she had been removed as the main contractor for the district's Measure E bonds; and
 - Suffering no true deficit spending during her time on the board.
- "When I arrived in December of 2009, we were in the deepest recession and suffering through the deepest cuts to public education in the history of the state of California," KorbatoV emphasized. "We budgeted through that disaster and came out OK. We did not have a deficit."
- "We suffered no deficit spending in any of my nine years on this board," she added. "Instead, during my tenure we started with zero reserves and now have ending fund balances of nearly \$18 million dollars."



CARROLL & CO.

(Continued from page 1)

right one at the right time," Carroll said. "My mother, my siblings and I sat down and decided it was time. It's really more of a long-term family planning decision than it is anything to do with the business itself."

In Hollywood's Golden Age, stars such as Frank Sinatra, Steve McQueen, Cary Grant, Clark Gable, Paul Newman, Rock Hudson and Gregory Peck all flocked to Carroll & Co. to be dressed by Richard Carroll.

Carroll & Co. eventually launched a studio division, which outfitted popular shows such as *Happy Days* and *The Mary Tyler Moore Show*.

John Carroll, who began helping at the store at the age of 11, took the baton from his father Richard and has successfully continued the Carroll & Co. legacy.

Although its physical location will be closing, Carroll said he's contemplating keeping the brand alive in some form. In recent years, the store has per-haps become most well-known for its

custom, made-to-measure suits.

"We're going to look into continuing some service like that, but you know, the grind of retail can wear you down, the long hours, six days a week, working holidays, missing soccer practices and all of that," Carroll said. "There's a lot that goes into it, and it's going to be nice to step back and try to live something of a normal life."

As regular customers have started learning about the store's closure, the outpouring of support has been immense.

"I can't even tell you how many visits, calls, emails and even faxes we've received from people sending well wishes or telling stories of how me or my father sold them their first suit," Carroll said. "It's been truly humbling and touching."

Now through January, Carroll & Co. has a massive store closing sale underway, with a portion of some of the proceeds going toward cancer research. For more information, visit the store at 425 N. Canon Dr., or visit www.carrolland-co.com.

Next stop: more subway.

PURPLE LINE EXTENSION TRANSIT PROJECT
Wilshire/Rodeo Station Construction Update

North Canon Dr will be closed at Wilshire Bl to maintain safe pedestrian and vehicular traffic flow during Purple Line Extension construction.

TRAFFIC ALERT
A cul-de-sac will be formed on the north side of North Canon Dr at Wilshire Bl. The closure will also include replacing stop signs with a signalized intersection at North Crescent Dr and Clifton Way to accommodate traffic. An extensive feasibility study was conducted in advance of the closure.

START DATE
Anticipated January 2019. Construction is a dynamic process and is subject to change.

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