

## **Rent Stabilization Program**

### **Questions from Community Education Workshop**

**JUNE 17, 2017 – Library Auditorium 10:00am – 11:30am**

**1. Why have a registration process? What is the reason for the registration?**

The rental unit registration process allows the City to verify and analyze its current rental housing stock and occupancy status. Registration of rental housing allows the City to provide fair and equitable housing services to both resident tenants and property owners. Resident tenant noticing and rent levels are reported to the City and monitored for compliance, while property owners enjoy the right to fairly operate their investment properties and seek fair compensation for improvements and ongoing maintenance in order to operate successfully.

**2. Is registration going to be online?**

Yes, registration of rental units may only be submitted online, however personal one on one assistance is provided by City staff on appointment basis to assist property owners in successfully completing and submitting online registration.

**3. Is there a fee to the landlord for this registration?**

Yes, amount to be determined

**4. Is there a discussion for fines if units are not registered? (non-compliance)**

The City's goal is to obtain voluntary compliance by providing guidance and education to property owners. Units for which registration is not received in a timely manner may result in enforcement action including but not limited to a civil fine of \$500.

**5. How does no-cause eviction relate to the registry?**

The registry allows the City to collect rent amount information so that it may identify unlawful future rent increases.

**6. The registration is going forward no matter what correct?**

Yes, on January 24, 2017, the City Council passed amendments to the Rent Stabilization Ordinance (17-O-2729) which required the implementation of a rental registry program.

**7. What is the difference between Chapter 5 and Chapter 6?**

All tenants who reside in an apartment unit are defined in the Chapter 5 or Chapter 6 regulations of the Rent Stabilization Ordinance.

Chapter 5 applies to tenants who:

1. Reside in a building completed before September 20, 1978
2. Paid an initial rent amount of \$600 or less under their last valid apartment rental agreement
3. Live in the unit as a primary residence a minimum of 9 months out of the year

Chapter 6 applies to tenants who:

1. Paid an initial rent amount of \$600 or more under their last valid apartment rental agreement
2. Reside in a building completed before 1995

**8. Why have Chapter 5?**

Chapter 5 regulations were originally adopted to protect then tenants from exorbitant rent increases and provide protections from unlawful evictions.

**9. Why didn't we have a unitary chapter/ordinance that will have the requirements for tenants/landlords?**

The Rent Stabilization Ordinance contains regulations for tenants in both the Chapter 5 and Chapter 6 categories. Because there are significant differences in the regulations for each type of tenant, they are described in separate chapters.

**10. What happens if you started as a Chapter 5 tenant and move to another unit as a Chapter 6 category?**

The tenant's classification type is determined by the last valid apartment rental agreement.

**11. What is the definition of a nuisance tenant?**

Under California Civil Code Section 3479, a nuisance is: "Anything which is injurious to health, including, but not limited to, the illegal sale of controlled substances, or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, or unlawfully obstructs the free passage or use, in the customary manner, of any navigable lake, or river, bay, stream, canal, or basin, or any public park, square, street, or highway, is a nuisance."

Further advice should be discussed with legal counsel.

**12. What does it mean from 0% to 3% maximum rent increase?**

The Rent Stabilization Ordinance allows a property owner to give one rent increase (is so chosen) up to a maximum of 3% in any 12 month period.

**13. Is the 3% finalized or is it going to change before the end of the year since the mayor wants this whole process completed by the end of the year?**

Currently, 3% is what the Code allows.

**14. How do I get information on the rent adjustment process?**

You may contact City staff directly at (310)285-1031 or by email at [BHrent@beverlyhills.org](mailto:BHrent@beverlyhills.org)

**15. Have there been any case studies to make sure this is the best ordinance in place for Beverly Hills?**

The City Council and staff have reviewed studied several cities rent control regulations.

**16. Capital Improvements – Can Chapter 6 tenants be charged CIP prorated pass-through now?**

The Ordinance allows for property owners to request a rent adjustment hearing for CIP improvements as defined in the code. This is a public process in which affected tenants will be notified when a request is received.

**17. Is the new rent control ordinance only to favor tenants not owners?**

No, the Ordinance provides protection and regulations which benefit both resident tenants and property owners.

**18. Who is responsible for paying the relocation fees?**

The property owner or its representative is responsible to pay relocation fees when applicable.

## **Rent Stabilization Program**

### **Questions from Community Education Workshop**

**JUNE 22, 2017 – Municipal Gallery 7:00pm – 9:00pm**

**1. What is the difference between Chapter 5 and Chapter 6?**

All tenants who reside in an apartment unit are defined in the Chapter 5 or Chapter 6 regulations of the Rent Stabilization Ordinance.

Chapter 5 applies to tenants who:

4. Reside in a building completed before September 20, 1978
5. Paid an initial rent amount of \$600 or less under their last valid apartment rental agreement
6. Live in the unit as a primary residence a minimum of 9 months out of the year

Chapter 6 applies to tenants who:

3. Paid an initial rent amount of \$600 or more under their last valid apartment rental agreement
4. Reside in a building completed before 1995

**2. What is the relocation fee for Chapter 5 tenants?**

The relocation fees for chapter 5 tenants is the same as chapter 6 tenants. For a Bachelor or single unit the relocation fee is \$6,193.00; one bedroom is \$9,148.00; and two or more bedrooms is \$12,394.00. If the tenant(s) is a senior citizen (62+ yrs), disabled person, or minor there is a \$2,000.00 addition to the relocation fee. Note this addition is only one per unit.

**3. Explain how relocation fees are implicated at end of fixed-term leases, if the landlord will not renew or accept rent?**

If the landlord does not renew the agreement or accept rent and issues a notice of eviction and there is no just-cause reason to terminate tenancy, then the tenant is entitled to a relocation fee.

**4. What if the landlord's cause eviction is found to be false in a unlawful detainer action – is there retroactive relocation fees plus interest and will the City administer the fixing this issue between the landlord and tenant?**

If the landlord attempts an unlawful detainer action which fails in court, the only recourse to the tenant would be to repossess that unit, there are no retroactive or prorated relocation fees.

**5. What does or does not apply to duplexes?**

Duplexes are part of the rent stabilization program and both chapter 5 & 6 ordinances apply to these complexes.

**6. When will the new regulations be permanently in effect?**

The new regulations have been in effect since January 24, 2017.

**7. Will the current rent be honored when the program takes effect?**

The current rent should already be honored since the amendments to the ordinance are in effect.

**8. How does this rent regulation apply to those who are currently paying under rent control?**

The maximum allowable rent increase is now 3% or the current Consumer Price Index (CPI) which is higher. Relocation fees are now payable when a tenant receives a no cause notice of eviction.

**9. What is current policy for “deposit” increases when rent has been increased?**

The rent stabilization program applies for both rent and deposit increases; therefore, setting a cap on how much it can increase.

**10. Is it currently allowed to increase rent (after several years of 3%) to 10% (especially without comparable apartment updates relative to other units)?**

No, the rent is only able to increase by 3% if it's a chapter 6 tenant or the lowest percentage between CPI or 8% if it's a chapter 5 tenant every 12 months.

**11. If a landlord decides to not renew a lease, can he set a brand new price for rent? Or is it capped at a 3% increase over the most recent rent price?**

If the landlord decides to not renew a lease and the tenant did not leave voluntarily, then he is not able to set a new price for rent. The rent is capped at the previous amount and capped at a 3% increase per year.

**12. If a Chapter 5 tenant reviews her records and finds an unlawful increase (greater than CPI, say) what is her recourse today?**

The tenant can report this to Community Preservation to investigate.

- 13. Rent adjustments from capital investment in last 12 months is a pass-through decided by hearing officer regardless of deferred maintenance? If no such improvements were made in 15 years? Or are these balanced against fair and reasonable return as a criterion?**

There are several criteria in terms of what expenses can pass through and at what time. Generally improvements made in the past 12 months qualify for rent adjustment based on improvement criterion which also determines how much and for how long the adjustment can be accepted.

- 14. If a unit becomes vacant, can the landlord set a brand new price for rent? Or is it capped at 3% above the most recent amount?**

If the unit becomes vacant voluntarily or with just-cause then the landlord can set a market price rent. However, if it is vacated without cause or renewal of lease, then the price is capped at the previous rent and can only go up 3% per 12 months.

- 15. Why the 2016 baseline for rent adjustment? West Hollywood uses a very different formula. Why benchmark against a most recent year and highest profits regarding recent rent increases?**

It was decided in the ordinance, but landlords or tenants can raise awareness of this matter during the facilitated discussions.

- 16. If a landlord has not raised rents for 5 years, can he only raise rents 3% or is it 3% X five years?**

There is no “banking” of allowable percentage raises, it is capped at 3% per 12 months.

- 17. Though we had 3% increase in place now landlords are fighting this – how I lived with consistent 10% increases with years of no repairs, please don’t go above 3%.**

(Statement)

- 18. Is there any benefit or disadvantage for changing long term lease for a month to month?**

If the landlord accepts rent on a month to month basis it is considered a periodic agreement and subject to California state law noticing requirements of 30 or 60 day notice of no cause eviction should the property owner decide to vacate the unit.

- 19. Is there a prospect of a pre-court adjudication in the city to protect tenants before perpetual complaints go to unlawful detainer and court?**

The City provides free mediation services to those who wish to participate. Additionally, the City provides referral and resources for legal advice in certain situations.

**20. Can my landlords charge me for nail holes (small) that I used to hang pictures? Does that fall under normal wear and tear?**

Look at your original contract regarding what falls under wear and tear.

**21. Is there a downward rent adjustment available if say my laundry services have been discontinued?**

Santa Monica has an elaborate fee schedule for various housing services deductions, our ordinance says nothing about reductions, there is no cost schedule.

Yes, you are able to adjust your rent downward based on the unavailable services.

**22. What are my legal rights when I had no heat in winter due to the furnace not working?**

Contact Community Preservation to request an investigation and enforcement action at: 310-285-1119.

**23. Is the landlord required to do maintenance such as paint and flooring?**

Certain areas are required to be regularly maintained, please contact Community Preservation to request a site inspection and further review.

**24. Why should the renter have to pay anything for the owner's repairs?**

(especially when it's their property and the tenant didn't cause it).

Certain improvements to the property are able to be passed through to a tenant, subject to City approval.

**25. Why no downward rent adjustment provision?**

(withdrawal of a housing service for example, landlords get two bites at their fair and return application, expenditures and otherwise).

Reduction in housing services and reduction in rent amounts are subject to review by the City hearing officer.

**26. My landlord made no substantial improvements in 15 years, would none of the amortized expenses be substantiated in rent adjustments?**

There are several improvement criteria that must be followed in order to be able to make rent adjustment.

**27. Why doesn't the City of Beverly Hills come out to inspect the buildings?**

(Owners do not keep buildings up to Code, if we report we face retaliation.

There is no inspection program in the city at the moment it is complaint response when there are challenges.)

The City responds to all complaints received related to housing and substandard conditions.

**28. What is general policy for time of carpet change?**

Unless the carpet is a hazard for falling based on tears or lumps there is no policy for time of carpet change.

**29. If the units have no A/C or not fixing anything, can the landlords charge 3%?**

A/C is not considered a habitability issue, therefore it does not prohibit them from raising the 3% charge.

**30. When a landlord has been caught concealing mold and other habitability violations and the City requires the landlord to bring the building up to Code, why is there no indication on the website showing the penalty in the fees the City requires the landlord to fix the habitability violations?**

The main goal for issues such as this is to gain Code compliance, we want to guide and educate individuals into compliance. The issue presented in this question is mold, which is handled by the Los Angeles County Health Department, we work closely with them to ensure health issues such as this are addressed right away. There are fines and tools in place that are designed to achieve compliance and they are used as needed. It is not advertised in our website this way because our goal is to achieve compliance to the Code.

**31. What is the purpose of the registry and are apartment owners or managers responsible for compliance?**

The registry will help the city maintain a record of prices and who lived in each unit. The landowners are responsible for registering all the units in their buildings.

**32. Who has access to the information submitted with the rent registry and you looking to make this a way to punish landlord?**

The City is not looking to punish the landlords, foremost this is means to get compliance. The information is public record and can be requested from the City.

**33. How can the registry provide an accurate inventory of apartments when it doesn't include anything built after 1995 or accessory units?**

The vast majority of apartment units were built before 1995, all of which are regulated by the Rent Stabilization Ordinance.

**34. What about short-term rentals (more than 31 days) in aspect of: 1. Registry of rental units? And 2. Application of tenant and landlord rights and responsibilities needed to be signed?**

Presently short-term stays in apartment units are not unlawful, they are permitted; there is a distinction; for stays of 30 days or less are illegal; that is considered transient use; what is considered a short-term or Airbnb. Periods of less than 30 days are unlawful



however, there are situations where tenants do move in for periods longer than 30 days, two months, 3 months; however longer it may be. Those people are considered tenants, and under the registry program, a landlord will be required to report to the City every time an occupant takes possession of such unit. The City will know when we have short-term stays by way of reporting.

**35. Regarding rental registry – will there be information on issues of habitability and if when the landlord has cured any violations and penalties applied so potential renters can be forewarned about how the landlord handles or not such habitability issues?**

Habitability as a topic is a good question to bring up during the Facilitated Dialogue Sessions for potential policy changes, as of right now; we do not have that in place in terms of tracking habitability issues but it could potentially be addressed in the upcoming Dialogue Sessions.

**36. Rental houses should have the same protection for the tenant as the multi-family dwelling apartments. How can you differentiate the two? Is not fair.**

At the moment single family rental houses do not fall within the ordinance. This can be something that is brought up during the Facilitated Dialogue Sessions as a policy question.

**37. What happened with the Crescent building in 2014?**

There were several habitability code violations and issues with evictions. The city has a handy worker program where the city will fix issues for free if you qualify for the program.

**38. What happens when the landlords are still bullying the tenants?**

Before the new ordinance, the person could not complain because if they did they would receive a no cause eviction with no relocation fees. Now, they are protected in this area; although they could still receive an eviction.

**39. If “at the time of the precomputation of the base rent, the landlord may further add to the apartment unit rent a surcharge for capital expenditures”, does the capital expenditure surcharge become part of the base rent (in which case annual rent increase could be calculated by multiplying the CPI% times the base rent and the capital expenditure surcharge)? Or is Capital Expenditure Surcharge not part of the base rent (in which case the capital expense surcharge would not be compounded every year by the CPI% for surcharge’s duration) and Capital Expenditure Surcharge would be the same amount over the period of years it was pass-through and the amount would not affect the base rent or be affected by each year’s new CPI?**

The capital expenditure surcharge does not become part of the base rent. The pass through remains constant for the duration.

- 40. If the surcharge is multiplied after the first year by each following year's new CPI%, when the surcharge ends (for example after 10 years for plumbing), is there a reduction to bring the base rent back to the amount it would have been if the base rent had only been increased by allowable CPI% increases?**

Yes. The surcharge carries a "duration period" after which it is removed from the rent amount.

- 41. If a capital expenditure surcharge for work done which benefits all units can't legally be passed on to all units on the property, or the landlord chooses not to pass on to other units on the property, for those tenants who are surcharged is the calculation of capital expenditure surcharge still to be calculated on a pro-rated basis by multiplying the total capital expenditure cost times square footage of the floor space of an affected unit in proportion to the total square foot of all units?**

Yes, capital expenditure surcharges must be calculated fairly among all units. Additionally, a capital improvement surcharge cannot be passed through unless approved by the City through a hearing process.

- 42. Is a sewer line replacement (required to clear blockage or stop a leak) across the entire property (from alley at back of property to street at front) clearly a capital expenditure which can be passed on (using the 4% x base rent formula) to tenant? Or is it clearly not allowed to be passed on? Or does it depend on certain factors, such as how the age of the replaced or other circumstances?**

Capital improvement surcharges are clearly limited and defined in the code to improvements to a property as opposed to maintenance repairs which are generally not considered an improvement. Prior to pass through of a surcharge, the city's hearing officer will review and make a determination as to what may qualify as a pass through.

- 43. Looking at a 2009 City of Beverly Hills Finance Administration Utility Service Bill (copy given to me by landlord as support for passing through part of the refuse fee) the following utility charge categories were itemized can you please advise for each category whether it can be passed through to a tenant: rent control, storm water, refuse, alley fee, sewer, water?**

Currently, the Code allows refuse and alley fees may be passed through. Water penalty surcharges may be passed through provided certain building conditions related to water conservation are met.

- 44. If the landlord chooses not to pass on utility expense surcharge to other units on the property, for those tenants who are surcharged is the calculation still to be prorated on a square footage basis?**

Yes, surcharges must be calculated fairly among all units.

**45. What is the correct method for a landlord to calculate utility expense surcharges to pass through to a tenant?**

The amount of a utility expense surcharge is reviewed by the hearing officer and is subject to various criteria related to building. Surcharges must be calculated fairly among all units.

**46. Can I have a roommate, girlfriend, or spouse that moved in and lives with me in the one-bedroom apartment as long as I also remain an occupant in possession of the apartment without having to fear the landlord successfully bringing an action to recover the possession of the apartment using the claim that the second occupant is a sub-tenant?**

Any change in terms of a rental agreement is subject to property owner approval or enforcement.

**47. Could the landlord bring an action to recover the possession of an apartment (mine) if I refuse to execute a written renewal or extension?**

Yes, a 30 or 60 day Notice of Eviction will be required to be issued and payment of relocation fees may be apply.