



AGENDA REPORT

Meeting Date: March 5, 2019

Item Number: G-1

To: Honorable Mayor & City Council

From: Susan Healy Keene, AICP, Director of Community Development
Helen Morales, Deputy Director of Rent Stabilization

Subject: AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING
ARTICLE 5 OF CHAPTER 2 OF TITLE 2 OF THE BEVERLY HILLS
MUNICIPAL CODE TO ESTABLISH THE RENT STABILIZATION
COMMISSION

Attachments: 1) Proposed Ordinance
2) Rent Stabilization Commission Application

RECOMMENDATION

Staff recommends that the City Council move to waive the full reading of the Ordinance and that the ordinance entitled "AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING ARTICLE 5 OF CHAPTER 2 OF TITLE 2 OF THE BEVERLY HILLS MUNICIPAL CODE TO ESTABLISH THE RENT STABILIZATION COMMISSION" be read by title only and introduced.

Staff is requesting approval of the establishment of a Rent Stabilization Commission, composed of five members and six alternates, appointed by the City Council.

INTRODUCTION

On February 5, 2019, City Council directed staff to return with an ordinance establishing the Rent Stabilization Commission. This report presents a proposed ordinance which establishes a new Rent Stabilization Commission. The Rent Stabilization Commission will be tasked to consider and make recommendations to City Council on possible RSO amendments that have not yet been determined by the City Council and to undertake additional duties, as assigned by the City Council. As currently drafted, the proposed ordinance does not vest the Commission with the jurisdiction to hear disruptive tenant applications. Those applications still will be heard by the two-member City Council subcommittee, unless the Council directs otherwise.

Attachment 1 is the Proposed Ordinance to establish a Rent Stabilization Commission. Attachment 2 is a proposed Rent Stabilization Commission Application.

DISCUSSION

The following identifies provisions of the Proposed Ordinance, which are amendments to Article 5 of Chapter 2 of Title 2 of the Beverly Hills Municipal Code:

- The Commission shall be composed of five members and six alternates, all of whom must be residents of the City of Beverly Hills.
- The Commission shall be composed of two landlords who own one or more multifamily residential rental properties within the City, two tenants who reside in the City, and one “at large” member who is not a tenant, landlord, or property manager.
- To achieve balanced representation of landlords and tenants at Commission meetings, the quorum provision of the proposed Ordinance requires that two landlord representatives and two tenant representatives be present at every Commission meeting along with the at large member. In addition, the proposed Ordinance requires six alternates be appointed by Council, two of whom shall be tenants; two of whom shall be landlords, and two of whom shall be at large members. The alternates shall serve only in the place of their concomitant commission member.
- Commission Members shall serve staggered four year terms. One landlord member, one tenant member, the at large member, and one of each of the three categories of alternates shall be initially appointed to four year terms. The remaining two members and three alternates shall be appointed for two year terms. After the initial appointment, members shall be appointed for an additional four-year term.
- City Council shall appoint the first chair and vice chair.
- The Deputy Director of Rent Stabilization shall serve as the Secretary of the Commission. The Secretary shall attend Commission meetings and keep a record of the proceedings, including attendance and votes.
- The duties of the Commission shall be to recommend provisions to the City Council for potential amendments to Chapters 5 and 6 of Title 4 of the Rent Stabilization Ordinance that have not already been determined by City Council and to perform any other functions that may be designated by resolution or motion of the City Council. If Council wishes the Commission to hear disruptive tenant applications, it is recommended that Council direct that the proposed ordinance be amended to add those provisions to both Chapter 5 and Chapter 6.
- The application to serve on the Commission shall include a statement under penalty of perjury of the applicant's interests and dealings in multi-family residential real property both within and outside of the City including, but not limited to, ownership, trusteeship, sale, or management, including investment in or in association with partnerships, corporations, companies, joint ventures, and syndicates engaged in the ownership, rental, sale, or management of multi-family residential real property during the three years immediately prior to the date of submission of the applicant's application to the City. This documentation shall be made available to the public.

City Council established an ad hoc committee comprised of Mayor Gold and Councilmember Bosse to administer the nomination process, conduct interviews, and make recommendations to the full City Council as is currently the process for other City Commissions.

COUNCIL DIRECTION TO THE COMMISSION

Staff requests City Council direction on the specific RSO amendment issues that will comprise the duties of the Rent Stabilization Commission and the bases for their recommendations to the City Council relative to potential amendments to Chapter 5 and Chapter 6 of Title 4 of the Rent Stabilization Ordinance.

From the City Council discussions held at the December 18, 2018 and February 5, 2019 City Council meetings, staff identified the following RSO amendment issues that have been determined by City Council:

- Exempt owner occupied duplex properties;
- Increase the Notice period from ninety days to six months for evictions for occupancy for owners and specified relatives;
- Relocation fees of 100% for evictions for occupancy by owners and specified relatives;
- Establish a relocation fee hardship process for owners to be heard by the Commission, which is subject to review by City Council;
- All relocation fees shall be paid into a licensed and bonded escrow account for the benefit of the tenant;
- Allow the termination of a Chapter 6 tenancy at the end of the first year of a lease term without the requirement to pay relocation fees;
- Disruptive tenant and relocation fee disputes will be determined by the Commission and may be called up by the City Council;
- Annual rent registration;
- Protection of Beverly Hills teachers and families with Beverly Hills school-age children and children with special needs; and
- Establish a Rent Stabilization Commission to report back to City Council on the outstanding RSO amendment issues.

Staff has further identified, from the same City Council meetings, the following outstanding RSO amendment issues that would be addressed by the Commission:

- The amount or percentage of the annual allowable maximum rent increase;
- Evaluation of the current relocation fees (including the possible addition of a relocation fee for a three bedroom unit);
- A pass-through to tenants for water reliability charges;
- A pass-through to tenants for a percentage of required seismic retrofitting;

- A pass-through of the refuse fee;
- A pass-through of part of the registration fee; and
- Modify the major remodeling amounts for both Chapter 5 and Chapter 6.

Staff requests City Council direction on the specific RSO amendment issues that will comprise the duties of the Rent Stabilization Commission and the bases for their recommendations to City Council.

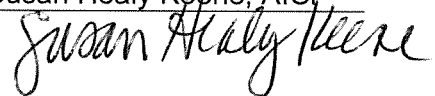
NOTIFICATION

Notice regarding the City Council meeting was provided by email on February 28, 2019 to all housing providers, those requesting notice in the BH Rent system, and all parties including both tenants and housing providers who provided emails at the various facilitated sessions. The Notice was also posted on the City's website on the same date and was published in the *Beverly Hills Weekly* on February 28, 2019 and in the *Beverly Hills Courier* on March 1, 2019.

FISCAL IMPACT

There will be an increase in the City's administrative costs to assist in the administration of the Rent Stabilization Commission.

Susan Healy Keene, AICP

A handwritten signature in black ink that reads "Susan Healy Keene". The signature is written in a cursive, flowing style.

ATTACHMENT 1

ORDINANCE NO. 19-O _____

AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING ARTICLE 5 OF CHAPTER 2 OF TITLE 2 OF THE BEVERLY HILLS MUNICIPAL CODE TO ESTABLISH THE RENT STABILIZATION COMMISSION

THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS HEREBY ORDAINS AS FOLLOWS:

Section 1. The City Council hereby amends Article 5 of Chapter 2 of Title 2 of the Beverly Hills Municipal Code regarding the Rent Stabilization Commission to read as follows:

ARTICLE 5. RENT STABILIZATION COMMISSION

2-2-201. ESTABLISHMENT OF COMMISSION.

There is hereby established the Rent Stabilization Commission.

A. Appointment and Qualifications. The Commission shall be composed of five (5) members and six two alternates appointed by the City Council, all of whom shall be residents of the City. Applicants for membership on the Commission shall submit an application to the City. The application shall include a statement under penalty of perjury of the applicant's interests and dealings in multi-family residential real property including, but not limited to, ownership, trusteeship, sale, or management, including investment in or in association with partnerships, corporations, companies, joint ventures, and syndicates engaged in the ownership, rental, sale, or management of multi-family residential real property during the three years immediately prior to the date of submission of the applicant's application to the City. This documentation shall be made available to the public.

B. Composition. The Commission shall be comprised of two one landlords who own one or more residential rental properties within the City, two one tenants and one three members who is are not a landlords, tenants or managers of an apartment building ("at large member"). Two one of the six two alternates shall be landlords who own one or more residential rental properties in the City; two one and the other alternates shall be tenants, and two the third alternates shall not be landlords, tenants or mangers of an apartment building. The landlord alternates shall serve in place of the landlord members of the Commission; the tenant alternates shall serve in place of the tenant members, and the at large third alternates shall serve in place of the at large member. Members of the Commission shall have the duties and functions set forth in this Article and in Chapters 5 and 6 of Title 4 of this code with respect to rent stabilization.

C. Term of Office. Commission Members shall serve terms of four years. Commission member terms shall be staggered. Therefore, one landlord member, one tenant

member, and the at large member of the initially appointed commissioners and one landlord alternate, one tenant alternate and one at large alternate shall be appointed for an initial term of four years. The other two Commissioners and the other three alternates shall be appointed for an initial term of two years. Each Commissioner and alternate shall thereafter have the opportunity for reappointment to an additional four-year term. An appointment to fill a vacancy on the Commission shall be for the period of the unexpired term.

D. Secretary of the Commission. The Deputy Director of Rent Stabilization shall act as the Secretary of the Commission. The Secretary shall attend Commission meetings and keep a record of the proceedings and transactions of the Commission, specifying the names of the Commissioners in attendance at each meeting and the ayes and noes upon all roll calls. The Secretary shall, among other duties, post and publish all orders, resolutions, and notices which the Commission shall order to be posted and published.

E. Quorum and Actions of the Commission. Notwithstanding section 2-2-107 of Article 1 of Chapter 2 of Title 2 of this code, to constitute a quorum of the Commission, the following five commissioners must be present: two commissioners who are the landlord members or the landlord alternates; two who are tenant members or the tenant alternates and one who is the at large member or one of the at large alternates. provided, however, that the tenant alternate may serve in the place of the absent tenant Commissioner, and the landlord alternate may serve in the place of the absent landlord Commissioner, in order to achieve a quorum. The powers conferred upon the Commission shall be exercised by resolution or motion adopted by a majority vote of the members of the Commission and recorded in the minutes with the ayes and noes. The action shall be attested to by the signature of the Secretary of the Commission.

2-2-202. POWERS AND DUTIES OF THE COMMISSION:

Unless otherwise specified herein, the duties of the Rent Stabilization Commission shall be as follows:

A. Exercise the authority set forth in this Article and as otherwise provided in Chapters 5 or 6 of Title 4 of this code, as applicable, to make initial determinations of certain applications and to make determinations of appeals of certain decisions by hearing officers;

B. Make recommendations to the City Council regarding unresolved issues concerning amendments to Chapters 5 and 6 of Title 4;

C. Recommend, promulgate, and amend, from time to time, such rules and regulations as it may deem necessary to implement the purposes of this Article and Chapters 5 or 6 of Title 4; and

BD. Perform any other functions that may be designated by resolution or motion of the City Council.

Section 2. CEQA. This ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15061(b)(3), which is the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment, and CEQA does not apply where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. It can be seen with certainty that the amendments to the Beverly Hills Municipal Code to establish a Rent Stabilization Commission will not cause a significant effect on the environment. In addition, the amendments to Article 5 of Chapter 2 of Title 2 of the Beverly Hills Municipal Code are not a project that is subject to the provisions of CEQA, pursuant to CEQA Guidelines section 15378(b)(2) and (b)(5).

Section 3. Severability. If any provision of this ordinance is held invalid by a court of competent jurisdiction, such provision shall be considered a separate, distinct and independent provision and such holding shall not affect the validity and enforceability of the other provisions of this ordinance.

Section 4. Publication. The City Clerk shall cause this Ordinance to be published at least once in a newspaper of general circulation published and circulated in the city within fifteen (15) days after its passage in accordance with Section 36933 of the Government Code, shall certify to the adoption of this Ordinance and shall cause this Ordinance and the city Clerk's certification, together with proof of publication, to be entered in the Book of Ordinances of the Council of this city.

Section 5. Certification. The City Clerk shall certify to the adoption of this Ordinance.

Adopted:
Effective:

JULIAN A. GOLD, M.D.
Mayor of the City of Beverly Hills,
California

ATTEST:

LOURDES SY-RODRIGUEZ
Assistant City Clerk

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT

MAHDI ALUZRI
City Manager

ATTACHMENT 2

**CITY OF BEVERLY HILLS
RENT STABILIZATION COMMISSION
APPLICATION**

TO: HONORABLE MAYOR AND CITY COUNCIL

I am interested in being considered for an appointment on the Rent Stabilization Commission.

Name: _____ E-mail address: _____

Residence Address (**required**): _____ Zip Code: _____

Mailing Address (optional): _____ Zip Code: _____

Home phone: _____ Work phone: _____ Fax: _____

How long have you resided in Beverly Hills? _____

Are you a (Please check one) : Tenant ☐ Housing Provider (landlord) ☐

Not a Tenant, Housing Provider or Manager of an
apartment building ☐

Occupation: _____ Do you work in Beverly Hills? _____

Have you ever been a paid lobbyist/legislative advocate? If so, when and before which
commission(s)?

Are you a member or alumnus of the Team Beverly Hills Program? _____

Have you applied previously for a commission appointment? If so, which commission(s)?

1. Please list community activities you are presently involved in and activities in
which you have participated in the past, including years of service:

2. Please describe any technical expertise (real estate experience, landlord/tenant law, apartment building management, property management), or other background information (education, business, or personal) that may be useful to you as a Rent Stabilization Commissioner.

3. Have you attended any of the Rent Stabilization facilitated sessions or City Council meetings within the last twelve months? Please indicate if you were in attendance, and please comment on your reactions.

4. How would you rate your ability to read and interpret rules and regulations regarding rent stabilization?

Proficient [] Intermediate [] Novice [] Willing to Learn []

5. Have you ever been evicted from a residential real property? Yes [] No []

6. Describe your experience in dealing with residential rental property? (include any and all experience including as a tenant, landlord, manager of property or any other experience).

7. Rent Stabilization Commission meetings will be held in the afternoon. How much time would you be able to devote to the Rent Stabilization Commission? How often are you out of town? What other commitments may cause conflicts with your attendance at Commission meetings? (Average time anticipated is 10-15 hours per month.)

8. What do you see as the community rent stabilization issues currently facing Beverly Hills?

9. How do you view the balance between the rights of property owners and tenants (both commercial and multi-family residential) and the balance between a tenant's right to occupy a unit and a housing provider's right to operate their business of one or more multi-family residential properties in the City of Beverly Hills?

10. How would you describe the appropriate relationship among the Commissioners and between the Commission and applicants? Would you find it difficult to vote against a friend? If yes, are you willing to advise staff and refrain from reviewing and voting on a particular application?

11. Why do you want to be a member of the Rent Stabilization Commission?
(Specifically, why have you chosen this form of community service over the many
other avenues of community service available in our community?)

12. Are you a licensed attorney practicing landlord tenant law? Yes [] No []
If yes, please describe your area of practice

13. I have interests in the following multi-family residential real property both within and
outside of Beverly Hills , including but not limited to, ownership, trusteeship, sale, or
management, including investment in or in association with partnerships, corporations,
companies, joint ventures, and syndicates engaged in the ownership, rental, sale or
management of multi-family residential real property during the three years
immediately preceding the date of the submission of this application (Please list):

I declare under penalty of perjury that the foregoing is true and correct.

Date: _____ Signature _____

**Completed applications may be returned to the City Clerk's Office, Room 290, 455 North Rexford Drive,
Beverly Hills, CA 90210. If you have any questions, please contact the City Clerk at 310-285-2400.**

IMPORTANT NOTICE

In order that we may preserve the integrity of the application and interview process, please direct all inquiries to the City Clerk, City Manager or the Director of Community Development. Please DO NOT contact the City Councilmembers or the members of the Rent Stabilization Commission regarding the Rent Stabilization Commission vacancies.

Serving on the Beverly Hills Rent Stabilization Commission

The Rent Stabilization Commission will be one of twelve (12) Commissions appointed by the City Council to carry out a variety of delegated functions. The City Manager, Department heads, and other City staff who work for the City Council provide staff support to the Commissions. The Community Development Department provides primary staff support to the Rent Stabilization Commission, Architectural Commission, the Design Review Commission, Cultural Heritage Commission, Traffic and Parking Commission, and the Planning Commission. As with the other City Departments, Community Development staff also provides support to other Commissions and to the City Council.

There are five (5) Rent Stabilization Commission positions serving staggered, four-year terms. One landlord member, one tenant member, and the at large member of the initially appointed commissioners and all the alternates shall be appointed for an initial term of four years, and the other two Commissioner and alternate shall thereafter have the opportunity for reappointment to an additional four year term. An appointment to fill a vacancy on the Commission shall be for a period of the unexpired term

When there is an anticipated vacancy, the City Council announces and advertises the upcoming vacancy and invites interested persons to submit application forms. A subcommittee of City Council and Rent Stabilization Commission members will interview all interested candidates and will make recommendations to the full City Council. The City Council makes its final selection and appointment at a formal public meeting. The City Clerk swears in the new Rent Stabilization Commissioners sometime before their first meeting, generally immediately prior to their first meeting.

Legal Authorities and Responsibilities

The Beverly Hills Municipal Code sets out the areas over which the Rent Stabilization Commission has authority, either as a decision-making body or advisory to the City Council. The Commission is responsible for making recommendations to the City Council regarding amendments to Chapter 5 and 6 of Title 4 of the Beverly Hills Municipal Code.

The Commission acts as an advisory to the City Council to provide recommendations for amendments to the Rent Stabilization Ordinance.

Operation, Staffing and Time Commitment

The Rent Stabilization Commission meets **the third Wednesday of each month** with additional meetings as necessary. Meetings are open to the public and are held in Room 280A, which is adjacent to the City Council Chamber on the second floor of Beverly Hills City

Hall. Meetings begin at 1:30 p.m. and typically end by 5:30 p.m.; however, depending on the number of projects and their related scopes of work, a meeting may run into the mid-evening hours. The meetings are conducted by the Chair, or in his/her absence, the Vice Chair. From time to time, Commissioners may serve on Ad Hoc committees or subcommittees of three members appointed by the Chair to study particular issues and make recommendations to the full Commission. The Chair and Vice-Chair positions are rotated on an annual basis. On those occasions where a Commission decision is appealed to the City Council, the Chair or Vice Chair represents the Commission at the hearing by the City Council.

Approximately one week before each meeting, Commissioners receive an agenda and binder of staff reports as requested by the Commissioners or brought forward by staff. Depending on the length and complexity of the agenda, Commissioners can expect to spend between four to ten hours reading the reports in advance of the meeting. In general, Commissioners can expect to spend 10-15 hours per month on meetings and related activities.

To constitute a quorum of the Commission, the following five commissioners must be present: two commissioners who are landlord members or the landlord alternates; two who are tenant members or the tenant alternates and one who is the at large member or one of the at large alternates. The Commission must conduct its meetings and formulate its decisions in accordance with its Rules of Procedure and with State law ("Brown Act") which requires all meetings to be open to the public. All meetings of the Rent Stabilization Commission are video recorded and available for viewing on the City's website. Minutes of the meetings are taken by a staff recording secretary.

State law requires compliance with conflict of interest requirements, which involve filing a financial disclosure form with the City Clerk, which is available to the public to inspect. Interested persons may contact the City Clerk's office to inspect a sample report. A Commissioner may not deliberate or participate in any case in which that Commissioner has an interest. The City Attorney's office, which also provides staff support to the Commission, can provide guidance to individual Commissioners who may have questions on a case-by-case basis. Commissioners will find that interested parties to an application (both pro and con) will attempt to engage them in conversation about a pending case. It is important for Commissioners to maintain an impartial distance from those interested in applications coming before the Commission and must maintain this impartiality, sometimes in the context of impassioned pleas from their fellow residents, business colleagues, friends, and acquaintances.

Helpful skills for Commissioners to have include: the ability to read and understand landlord tenant laws and rent stabilization ordinance provisions; the ability to view the rent stabilization ordinance provisions in both the light of the tenant and the landlord, and lots of diplomacy and patience!

Service on any City Commission is a responsibility, which may involve a significant time commitment, and should not be undertaken lightly. Aside from attending regularly scheduled meetings, preparation for meetings and special meetings sometimes warrants an additional

time commitment, especially during service as Chair or Vice Chair. Commissioners may also be requested to attend certain City Council meetings, community meetings and/or other City functions, such as Team Beverly Hills.

Resources

- Beverly Hills Municipal Code
- City Commissioners' Handbook
- Rent Stabilization Ordinance

Community Development staff provides each new Commissioner with a thorough briefing and copies of the above materials.