

ANNUAL REPORT 2011



CITY OF WEST HOLLYWOOD Rent Stabilization and Housing



INTRODUCTION

The City of West Hollywood's Rent Stabilization Program reflects the City's core values: ***"Respect and Support for People,"*** ***"Responsiveness to the Public"*** & ***"Quality of Residential Life."***

These values recognize that West Hollywood is, at heart, a community of residents who live their lives, and age in a community where they know, and are known by each other. A safe and stable home, with a predictable monthly cost, is a platform for sustaining such a community.

The programs and policies of the Rent Stabilization and Housing Department directly address the City's priority of providing fair administration of the Rent Stabilization Ordinance for tenants, property owners, property management firms, brokers and other interested parties and programs that help to provide a variety of housing opportunities in the City.

The Rent Stabilization and Housing Department is comprised of the Rent Stabilization Division and the Housing Division, and it works closely with other City divisions, especially the Legal Services Division and the Social Services Division.

This Annual Report¹ summarizes the work of the Rent Stabilization and Housing Department for 2011, with information about key programs, policies, and services provided to constituents.

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Introduction continued:

The Report includes:

- Analysis of trends in West Hollywood’s economy that relate to housing, including housing stock and rent profiles
- Detailed descriptions of services delivered by the Department
- Information about the administration of rent stabilization programs and how those programs are funded
- A summary of rent stabilization-related legal services and mediation services for landlord and tenant disputes
- An outline of the goals of the Rent Stabilization Commission and its related accomplishments
- A look ahead to 2012 for rent stabilization policies and programs.

If you have any questions, please contact Elizabeth Savage, Rent Stabilization Manager, at (323) 848-6490.

¹ Issued in accordance with the City of West Hollywood Municipal Code Chapter 2.64 Rent Stabilization Commission, Section 2.64.090 (3) Duties.



Excerpts from the City of West Hollywood’s
STRATEGIC PLAN VISION 2020

CORE VALUES

Respect and Support for People

We recognize and celebrate the diversity of our community by treating all individuals with respect for their personal dignity and providing a wide array of specialized services. We promote mutual respect, courtesy, and thoughtfulness in all interactions.

Responsiveness to the Public

We hold ourselves accountable to the members of our community and are committed to actively seeking public participation. We promote a public process whereby we can respond to the community's needs while balancing competing interests and diverse opinions.

Quality of Residential Life

We maintain a balanced sense of community by protecting quality of life, conserving our historic neighborhoods, safeguarding housing affordability, and proactively governing growth with care and thought.

The City of West Hollywood Incorporation in 1984 –
TO PROTECT THE AREA’S
QUALITY OF LIFE

West Hollywood was an unincorporated area in the midst of a highly urban part of Los Angeles when, in the early 1980s, residents began the process of creating a City. The area’s residents, including many seniors living on fixed incomes, sought stability in the face of swiftly rising rents and evictions of long-time neighbors as the population of Los Angeles grew, with a correlated demand for rental housing. With 80% of the area’s residents living in rental apartments, the Los Angeles County rent control law, which had to be renewed each year, allowed large rent increases and less protection against evictions. Also, with less stringent Los Angeles County-governed planning and zoning restrictions, the area was prime for real estate speculation. In contrast, cityhood offered a traditional way to gain the local control needed to establish more stability for renters who wanted to know they could stay in their current apartments if they so chose, without the fear of being priced out or pushed out on relatively short notice by their landlords.

Incorporation Turned Into Reality

When the dream of incorporation turned into the reality of cityhood by a ballot box landslide in November of 1984, one of the first acts of the newly-elected City Council was to adopt an urgency measure requiring rent rollbacks and limiting evictions to certain specified grounds. Rent stabilization in the City of West Hollywood was born.

West Hollywood Commitment

Today, equitably regulated rental housing remains a critical and strategic goal of the City. The City's commitment to the development and preservation of properly maintained affordable units continues to be a central priority. The Rent Stabilization Ordinance, the first law passed by the new City in 1985, brought about a policy and program that represents the cornerstone of the City of West Hollywood's efforts to support a diverse and stable community of 38,000 residents.



CURRENT ECONOMIC CLIMATE and Issues Affecting Tenants and Rental Housing

Like several other communities in Southern California, West Hollywood is slowly emerging from the economic recession that began in 2008. The unemployment rate in West Hollywood peaked at over 11% in 2010, and saw a slight decline to the range of 10-11% in 2011². The improvement in the economy was reflected in a more stable housing market in West Hollywood, with less foreclosure activity in ownership housing and an average market rent of \$1,473 for rent stabilized apartments³. Based on the Consumer Price Index in June 2011, the Rent Stabilization Commission approved a 2.25% increase in rent starting September 1, 2011, one indication of a lower level of inflation within a steadier economy.

During the recession, lack of new construction in Los Angeles County influenced the cost of rental housing for this region, which saw a 6.2% increase in the countywide average rent during 2011⁴. This represents continual and increasing pressure on rents as demand for rental housing outstrips supply. The issue that drove the need for rent stabilization has not gone away.

For individuals who are unemployed, or living on fixed incomes due to age, disability, or employment in fields lacking significant salary growth, rent stabilization is key to the preservation of stable housing. For many West Hollywood residents, the rent stabilization program has allowed them to stay in their homes during a period of economic uncertainty.

² U.S. Bureau of Labor Statistics. | ³ For apartments rented during the quarter ended December 2011, data per the Department of Rent Stabilization and Housing. | ⁴ University of Southern California, Casden Multifamily Forecast, Lusk Center for Real Estate, April, 2012.

State Budget Crisis & the End of Redevelopment

As of 2011, the future of new development of affordable housing was uncertain due to a major overhaul of the redevelopment process designed by the State Legislature and affirmed at year's end by the courts. As a strategy for increasing state revenues, the Governor proposed and the Legislature adopted legislation eliminating the system of local redevelopment agencies that formerly captured newly generated local property taxes and sequestered them to be used to eliminate blight, improve the local economy, and build new affordable housing.

The West Hollywood City Council acted to serve as the West Hollywood Community Development Commission (*its Redevelopment Agency*). Upon dissolution of the Redevelopment Agency, the City became its Successor Agency and is tasked with the fulfillment of the Redevelopment Agency's obligations and disposal of the Agency's assets. Over the years, redevelopment funds supported the acquisition, development and renovation of 164 apartments that are permanently dedicated to the housing needs of very low, low and moderate households. During 2011, City's ability to leverage Redevelopment Agency tax increment funds for affordable housing became uncertain. The end of this important funding source for affordable housing increases the importance of rent stabilization in maintaining the affordability of rents in West Hollywood, especially for seniors and the disabled.

Aging in Place

The ability of seniors to remain in their homes as they age is a priority for the City of West Hollywood. The City has 6,859 residents who are over 60 years old (18%) and 1,904 over 80 years old (5%)⁵. The protections for tenants that are in the Rent Stabilization Ordinance, along with Social Services programs such as the City's Dial-a-Ride program and Senior Center, allow elders to "age in place" by staying in their apartments at affordable rents with local, accessible social services.

Aging Housing Stock

Like many jurisdictions in Southern California, West Hollywood's multi-family housing was built in a post-World War II era. These buildings may be in need of electrical, plumbing and seismic (*tuck-under parking*) upgrades. The City Council, through the community process of the General Plan's Housing Element, set the policy direction for the city. The Housing Element proposes a series of actions to identify key issues facing older buildings including mechanical, electrical and structural systems, energy efficiency, and accessibility and to provide guidance for rehabilitation.

⁵ U.S. Census 2010.

POLICIES, PROGRAMS & ADMINISTRATION

The need for stabilized rents was a central motivation for West Hollywood's incorporation, and, also, affordable housing remains a critical and strategic goal of the City.

As one of the five goals in the City's Vision 2020 Strategic Plan, **"Protect and enhance affordable housing opportunities, with emphasis on Rent Stabilization laws,"** is a foundational strategy for the City's programs and policies related to rent stabilization and housing.

The Rent Stabilization and Housing Department is responsible for the fair administration of the Rent Stabilization Ordinance. The Department develops programs and recommends policies for the City Council's approval. The main goals of the Department are:

1. Preservation of existing affordable housing;
2. Fair regulation of rental housing; and
3. Creation of new market-rate and affordable housing.

RENT STABILIZATION COMMISSION

The Rent Stabilization Commission is comprised of five City of West Hollywood residents, each of whom is appointed by a City Council member.

The Commission provides a forum for tenants and property owners to appeal decisions issued by hearing examiners concerning rents, property maintenance, housing services, and other important landlord-tenant concerns. The Commission also reviews the Rent Stabilization Ordinance and Regulations, proposing changes to the City Council to better effectuate, implement, and enforce the law. Additionally, as a part of the Housing Element approval process, the Commission evaluates and makes recommendations to the City Council regarding housing policy.



POLICIES – General Plan and the Housing Element

GENERAL PLAN

The City of West Hollywood adopted a new General Plan 2035 on September 19, 2011. All cities in California are required by state law to adopt a General Plan, which guides development over a 25-year period. The plan consists of a number of elements, which are updated regularly to reflect changes in resources and policy. The new West Hollywood General Plan includes the 2008 - 2014 Housing Element.

HOUSING ELEMENT

KEY AREAS OF FOCUS OF
THE HOUSING ELEMENT INCLUDE:

Aging Housing Stock

Almost 90 percent of the City's housing units are at least 30 years old, and close to half are over 50 years old. The Housing Element proposes a series of actions to identify key issues facing older buildings including mechanical, electrical and structural systems, energy efficiency, and accessibility and to provide guidance for rehabilitation.

(Housing Element - Key Areas of Focus: continued)

Changing Housing Needs

The City's changing housing needs include an aging population and people with HIV/AIDS and other disabilities. The Housing Element provides direction to better serve these and other diverse populations.

Creation of New Affordable Housing

The need for affordable housing in the City remains great. The Housing Element identifies projects and programs of the City, including inclusionary housing and housing developed by non-profits, to create more affordable housing.

Neighborhood Integrity

The quality and character of the residential neighborhoods are key assets of the City. The Housing Element identifies strategies to protect neighborhoods from development pressure and to direct new housing to transit-oriented developments in commercial and mixed use overlay zones along transportation corridors.

The City of West Hollywood Rent Stabilization & Housing Department

PROGRAMS

SUMMARY OF 2011 ACCOMPLISHMENTS

Hearings on Appeals

The Department held 117 hearings in 2011 on rent-stabilized rental units in the City. Most cases that come before a hearing officer request a determination of the maximum allowable rent, either by examining the methodology used to compute the rent, or by consideration of tenant evidence concerning housing services and maintenance issues. For example, a tenant might believe that his or her lease includes exclusive use of a parking space that is not currently available, or the use of amenities such as a laundry room that may have become inoperative.

Annual General Adjustment

In June 2011, the Rent Stabilization Commission announced the Annual General Adjustment at 2.25%, starting September 1, 2011. This is the percentage of increase allowable for rent stabilized apartments in a given 12 month period if the property is in compliance with the City's regulations and if proper notice is given to the tenant.

Interest Rate for Security Deposits

The Rent Stabilization Ordinance requires that tenants be paid interest on their security deposits by January 31 of each year in an amount determined by the City based on prevailing interest rates. The rate is determined by averaging the interest percentage paid by five local banks to their customers for regular savings accounts. The security deposit interest rate for 2011, announced in December 2011, was 0.25%.

Public Advocacy

The Rent Stabilization Commission and City staff work with the City's Sacramento legislative advocate to monitor legislation that would impact West Hollywood's rent stabilization program, affordable housing issues and to secure important protections for tenants while balancing this with fair administration of the Ordinance for both landlords and tenants. A key goal for this advocacy effort is to maintain local control for municipalities in addressing housing issues.

Public Outreach

The Department has daily contact with members of the public who have questions or problems about rent, evictions, leases, hearings and property maintenance. The Department works to ensure that all of the City's constituents are aware of rent stabilization services and that they feel comfortable using the Department's services when needed. A strong public outreach program, evaluated regularly for its effectiveness in reaching City residents, ensures that tenants and property owners know how to use the City services they need to resolve housing-related issues. The primary means of outreach are the bi-annual newsletters mailed to **ALL** tenants and landlords in rent stabilized properties and the City's website.



City Website & Forms Project

The Rent Stabilization and Housing Department section of the City’s website is usually in the top 10 visited locations on the City’s website (except when a news story takes the lead.) Also, anecdotally there are more and more constituents who report in phone calls that, **“I looked on the website and found most of my questions answered, but the specifics of my situation are....”**

To better meet this demand, the Department reviews its section of the website and makes continuous improvements to the layout and content of information and forms for easier access and understanding. The site features the Guide to Rent Stabilization, a clearly written handbook about the Ordinance and how it works.

The website and all forms have been updated with the Rent Stabilization and Housing Department hours at City Hall, which are now easier to remember.

Monday – Thursday – 8:00 a.m. to 5:00 p.m.
Friday (ALL fridays) – 8:00 a.m. to 4:30 p.m.

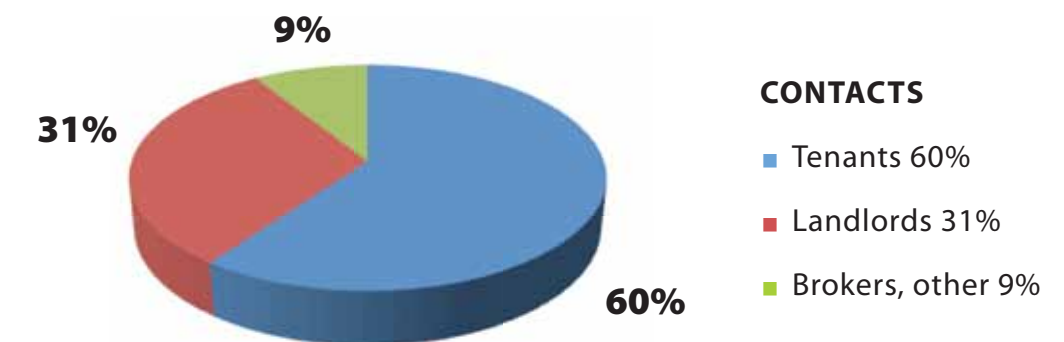
In 2011 and continuing into 2012, the Rent Stabilization and Housing Department has been remodeling over 70 forms for clearer presentation and better wording. This project is about 60% completed. The criteria of a good form or information piece is whether the person reading the form would be able to know how to fill it out from what is presented on the form or have their questions answered by the form.

The Housing Division section of the website has been updated. In the City Hall lobby and paralleled on the website, there is information available on a variety of affordable housing topics for tenants and prospective tenants. A separate section addresses the information needs of developers interested in the City’s Inclusionary Housing Ordinance requirements.

Public Inquiries

The Department serves the public on a daily basis by responding to telephone and in-person inquiries about the Rent Stabilization Ordinance and landlord/tenant issues in general. During calendar year 2011, staff members spoke with 6,527 individuals. Persons contacting the Department include landlords, tenants, real estate brokers, prospective buyers and renters. The most common topics of concern were evictions, security deposits and maintenance requests.

How many contacts/questions received about rent | 2011– 6,520 total
Who made inquiries | Tenants: 3,900, Landlords: 2,020, Brokers, others: 600



- Top Seven Reasons Constituents Contact Rent Stabilization**
- | | |
|----------------|---------------------|
| 1. Eviction | 5. General |
| 2. Maintenance | 6. Security |
| 3. Lease | 7. Residential code |
| 4. Hearing | |

Biannual Newsletters for Tenants & Landlords

The July 2011 Rent Stabilization Division newsletter is mailed to all tenants in rent stabilized apartments and owners of rent stabilized properties. This issue announces the annual general adjustment (AGA) for the upcoming year and provides important, useful information about landlord/tenant issues.

The December 2011 Rent Stabilization Division newsletter includes the latest information about security deposit interest. The mailing included a worksheet to help in the interest calculation.

Starting in 2011, the newsletter included information highlighting a Social Service agency funded by the City. The most recent newsletter focused on the services provided by the Center for Civic Mediation, a non-profit that offers expert mediation and facilitation services to empower individuals and neighborhoods to find peaceful ways to address and resolve conflict.

New Property Owner & New Tenant Mailings

Another method of outreach is that a packet of general information containing factsheets, the Guide to Rent Stabilization and a welcome letter goes out to all new landlords and/or property managers of rent stabilized buildings and new tenants in rent stabilized apartments each month. New in 2011, the packet also includes a voter registration card, which a new resident can mail to the Los Angeles County Registrar to keep their voter registration information current.

In 2011, the Department mailed out 235 new landlord and/or property manager packets and 2,660 new tenant packets.

Group Meetings & Follow-up Information Coordination

The Department also holds group meetings with landlords and tenants from properties with ongoing problems or special issues. Typically, it is Department staff that identifies the need for such a meeting when questions and concerns regarding a certain situation are received repeatedly. When a problem is identified, staff proposes a meeting to the appropriate individuals, either at City Hall or at the residential location.

In 2011, there were several meetings with tenant groups in a given building that addressed removing a property from the rental market under the California Ellis Act, in addition to meetings and conversations with the landlord and/or developer. Also, there were several meetings and conversations with properties that were undergoing repairs that caused short-term relocation at hotels. In both situations, the Rent Stabilization Information Coordinators provided their phone numbers and answer follow-up questions and concerns.

Additional Outreach & Meetings

With several other cities, the Department participated in the Beverly Hills/Greater Los Angeles Association of Realtors annual luncheon on the topic of rent control. Also, staff attended in-service trainings at real estate brokers' offices to help realtors learn more about the Rent Stabilization Ordinance. The Department encourages brokers and prospective buyers come to City Hall to review the public records/property files. These parties can find out if there are any pending code compliance cases on a property. Also, staff attended the Senior Fair and reached out to over 175 people.

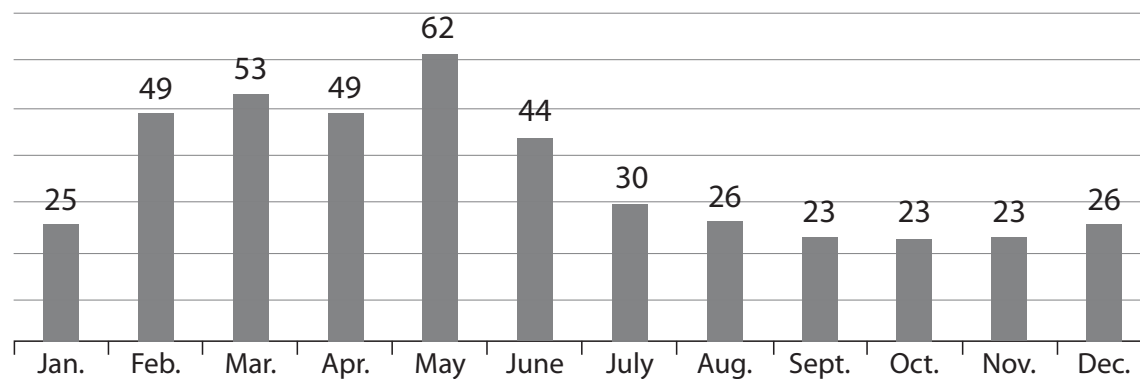
Residential Rental Referral List

The Department has a program that allows any landlord who owns property in the City of West Hollywood to advertise available units for rent without charge. The Residential Rental Referral List is updated weekly and shows an available unit's address, number of bedrooms/bathrooms, asking rent, and who to contact for more information or to lease. A brief description of desirable amenities or the landlord's willingness to accept Section 8 vouchers can also be included. In addition to being available at City Hall, the Residential Rental Referral List is distributed to local colleges and universities, community organizations, and published on the City's website at www.weho.org.

CHART A

Residential Rental Referral Listings 2011

Chart A below tracks the number of rental listings month-by-month during 2011.



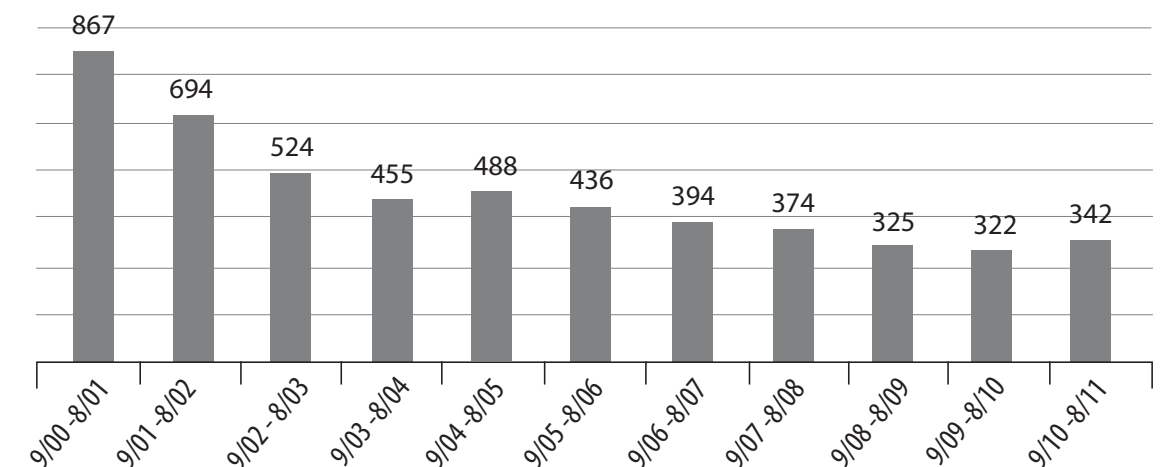
Tenant Registration Fee Rebate Program

The Department offers a rebate of the tenant portion of the rent registration fees (*up to \$60*) to be paid back to qualified tenants. In order to qualify, tenants must be at least 62 years of age or disabled, and meet certain low income guidelines. Tenants apply for and submit documentation verifying age, disability and income. After the initial application is approved, tenants receive a simpler renewal application in the mail each year. The number of rebates issued covering the most recent rebate period of September 2010 through August 2011 was 342.

In 2011, the Department increased outreach for this program. In addition to articles that have always been published in the July and December newsletters, the Department sent rebate program information in the Bus Pass Renewal mailing done by the Social Services Division. Also, the Department listed the program information on the City's WehoTV cable channel and gave rebate program information to social workers at the West Hollywood Comprehensive Services Center, which serves a high number of seniors and/or disabled persons.

CHART B

Tenant Fee Rebates



AFFORDABLE HOUSING PROGRAMS

Nonprofit Affordable Housing Production

The Housing Division works closely with the West Hollywood Community Housing Corporation and other non-profit affordable housing developers to produce affordable housing in the City. In 2011, the Division made significant progress on two affordable housing developments in partnership with the West Hollywood Community Housing Corporation (WHCHC). The Housing Division continued to work with WHCHC on the rehabilitation of an abandoned 48-unit apartment house at 1234 Hayworth Avenue as permanent affordable senior housing, which was completed in May 2012. The Housing Division also facilitated acquisition of a property on La Brea Avenue planned for 32 units of very low income and extremely low income households, which started construction in 2012.

In addition, the Housing Division obtained entitlements and completed a loan agreement for a 17-unit, very low income senior development, the Janet L. Witkin Center, on Fairfax Avenue being developed by Affordable Living for the Aging. The project is expected to start construction in 2012.

Inclusionary Housing

The City's inclusionary housing program requires developers of market-rate housing to set aside a portion of units for low- and moderate-income households and for developers of smaller projects to pay an in-lieu fee into the City's Affordable Housing Trust Fund. In 2011, entitlements were

secured for two mixed-use projects along La Brea Avenue that will collectively add 75 affordable units of inclusionary housing, taking the total inventory from 106 to 181.

Housing Information Center

The Housing Division provides a centralized information kiosk on affordable housing in the City Hall lobby and on the City's website, which contains a variety of information about affordable housing for both prospective tenants and developers.

Foreclosures

Foreclosure activity continued in West Hollywood last year, as it did in California and the nation as a whole. However, the number of mortgage-troubled properties in the City remained relatively small when compared with the rate of foreclosures experienced by other jurisdictions.

Multi-family buildings with renters generally have not had foreclosure problems. From data listed on the RealtyTrac website and monitored by the City's staff, most foreclosed properties in West Hollywood are condominium units. Corroborating the web site's data, very few tenants from apartment buildings reported foreclosure activity at their residences in 2011. Most inquiries came from condominium and single family home renters. Foreclosure is not a "just cause" for eviction, thus, tenants in foreclosed properties have the protection of local and State law.

INTER-DEPARTMENTAL COORDINATION

Rent Stabilization and Housing Department staff work closely with **Residential Code Compliance** and other divisions in City Hall to provide comprehensive responses to constituent needs such as habitability issues, lack of maintenance, rent decrease hearings or parking problems.

A Rent Information Coordinator, Housing staff and the Rent Stabilization Manager attend **Development Review Committee** meetings, organized by the Planning Department, to review new development projects on a regular basis. The meeting is comprised of staff members from Transportation Planning, Building and Safety and Public Works to review projects as a part of the entitlement process. The Rent Stabilization and Housing Department staff ensure that the projects meet the Rent Stabilization Ordinance, Inclusionary Ordinance, SB1818 incentives and Ellis Act requirements. Also, Department staff provide information and statistics for the City's General Plan and Housing Element.

The Vacant and Nuisance Properties Team meets monthly to review the status of approximately 60 vacant properties throughout the City. Residential and Commercial Code Compliance Officers visit each property at least once monthly (*more, if needed*), often with a Sheriff's Deputy, and conduct additional observations from the public right-of-way frequently. If there are occupants on the property, the Rent Stabilization Division assists, making connections with the Social Services Division, if homeless persons



are on site, or, if the occupant is a tenant, Rent Stabilization assists with informing the property owner or his agents of applicable tenants' rights.

Another interdepartmental team examines problems associated with Hoarding and its potential health and safety consequences. This team meets regularly to discuss known cases of potential hoarding, and works with the Social Services Division and the West Hollywood Comprehensive Services Center for case management services when appropriate.

The Department also assists with social services programs on housing issues, such as helping tenants whose landlords have terminated their Section 8 contract, referring those with hardships or emergency rent situations to the Social Services Division for case management and assistance or to the City's relocation counseling service.

FUNDING FOR RENT STABILIZATION PROGRAMS & SERVICES

The Rent Stabilization Program is funded by fees paid to register rent-stabilized rental units by property owners. In 2011, there were 15,049 units under rent stabilization. Units with rents subsidized by the federal Section 8 program and units whose owners are living in them are temporarily exempted from registration fee as required by the Rent Stabilization Ordinance. The Department collected \$1,875,951 in rent registration fees and \$15,769 in penalties during 2011.

Another important function of the Department is maintaining records for residential properties in the City. Each time a unit is rented to a new tenant, the owner is required to file a Re-Registration Upon Vacancy Form with the Department, signed by both the landlord and the tenant. The form includes important information such as the move-in date, the initial rent paid, and housing services that are provided with the unit (*parking, storage, laundry, etc.*) Once the form is processed and verified, a letter of confirmation is sent to both the landlord and the tenant, and the information is also stored in the Department's computer database.

Administration and Hearings

LEGAL SERVICES DIVISION

The Legal Services Division of the Administrative Services Department provides in-house legal services to all City departments. This Division is staffed by lawyers, support staff, and a mediator who provides no-cost mediation services to help resolve landlord-tenant disputes, disputes between businesses, residents, and other disputes within the City.

Hearings

The Legal Services Division coordinates and conducts Rent Adjustment Hearings. These hearings are heard by a neutral hearing examiner to determine whether there has been a reduction in housing services, failure to perform required maintenance, or if a tenant is being charged rent in excess of that permitted by law.

RENT ADJUSTMENT HEARING STATISTICS	2011	2010
Hearings Filed	117	110
Hearings Held	69	63
Hearing Requests Withdrawn	26	29
Postponed to a later date or dismissed administratively	21	12

Tenant Harassment

The Legal Services Division assists the Department's mission by investigating complaints of tenant harassment. A tenant may initiate an investigation by filing a harassment complaint with the Legal Services Division. In 2011, the Division received approximately 2.5 tenant harassment complaints per month as compared to an average of 2.0 for 2010.

Once received, a tenant harassment complainant is assigned to a staff attorney who reviews the allegations made in the complaint, and the complaint and any witnesses are interviewed. The staff attorney may also contact the tenant's landlord and any of the landlord's representatives who may have relevant information regarding the allegations. If the investigation reveals that tenant harassment has occurred, the case is referred to the City Prosecutor.

Because tenant harassment is a criminal offense, no charges will be filed unless the Legal Services Division and City Prosecutor are satisfied that all of the elements of the offense can be proven beyond a reasonable doubt. This high burden of proof requires that the Division's investigation reveals significant and substantiated evidence before a referral to the City Prosecutor will occur.

While less than ten percent of complaints are ultimately referred to the City Prosecutor, the Legal Services Division's investigation frequently alerts tenants and landlords to their rights and responsibilities under the Rent Stabilization Ordinance. Tenants that initially seek redress through a tenant harassment complaint often discover that their dispute with their landlord can be resolved by filing for a rent decrease hearing or by utilizing the Division's mediation services.

Mediation

Mediation is a negotiation process in which a neutral third party assists participants to resolve disputes. Mediation is confidential, voluntary and requires parties who can bargain in good faith. The mediator does not tell parties what to do but rather assists them in identifying and creating mutually beneficial solutions to their conflict.

The Legal Services Division Mediator works closely with Rent Stabilization staff and many referrals come directly from Rent Stabilization Information Coordinators. Other mediation cases are received through the City's website, printed City informational materials, Council offices and other City divisions. Constituents who have used mediation in the past are another source of cases.

The Mediator spoke with approximately 1,450 constituents in 2011 (*1,700 in 2010*) and resolved approximately 575 conflicts (*660 in 2010*) through a combination of telephone conciliations and face-to-face mediations. Attempts are made to resolve most rent decrease applications. Issues typically dealt with in mediation include maintenance, parking, pets, and roommates/subtenants. The mediator also deals with issues involving condominium homeowner associations.

In 2011, the Rent Stabilization Commission ("*Commission*") heard 19 appeals, primarily appeals of rent decrease applications and several relating to Maximum Allowable Rent.

RENT STABILIZATION COMMISSION

At its monthly meetings throughout the year, the Commission monitored housing policy and legislation. The Commission was particularly concerned about the protection of tenants through inter-departmental activities such as code enforcement, and about continuously improving outreach and awareness of Rent Stabilization in West Hollywood.

Commissioners attended the 2011 Annual Boards and Commissions Congress where the focus was on getting more acquainted with other Commissioners, Advisory Board members and city staff. Also, the Commission reported on their annual activities at the Congress.

2011 Outstanding Accomplishments

- Held appeal hearings on rent-stabilized rental units in the City. Issues included determination of maximum allowable rent and rent decrease hearings regarding housing services and maintenance issues.
- Continued to consider housing policy issues, such as the General Plan and Housing Element and issues regarding affordable housing.
- Reviewed the Annual Report 2010.
- Announced the Annual General Adjustment of 2.25% starting September 1, 2011 and announced the security deposit interest for 2011 to be .25%.

- Held a Study Session to discuss ways to enhance public outreach programs (see "Quality Improvement" below)
- Worked with the City's housing and rent stabilization legislative advocate to secure important protections for tenants as well as maintaining local control for municipalities in dealing with housing issues.

Quality Improvement

During 2011, the Rent Stabilization Commission engaged in a planning process to identify and prioritize areas for improvement in service, community awareness, and achieving positive housing outcomes for West Hollywood residents. Among the items considered were:

- Streamlining of the hearings and appeal process to improve timeliness and understanding of it by constituents;
- Creation of new communications tools to improve utilization of the appeal process, such as new guidelines documents;
- Orientation to rent stabilization and the hearing processes for the general public through workshops and classes;
- The use of customer satisfaction surveys for telephone assistance, in-person assistance at the City Hall counter, and after hearings;
- A comprehensive review of the Rent Stabilization Ordinance; and
- Exploration of opportunities to work together with other City divisions and departments.

2012 - Commission Work for the Year Ahead

- Continue to hear and decide Appeals.
- From the Study Session of August 25, 2011 where the Commission reviewed the 2010 Annual Report and discussed ideas for Rent Stabilization, the Commission directed that the Department continue the work on Quality Improvement –
 - Within the year, launch the educational component of workshops and classes.
 - Produce the *“Hearings 101”* brochure.
- Continue to review housing policy issues such as those in the General Plan and Housing Element and programs of affordable housing providers such as WHCHC (*in the face of the changes in redevelopment*) and human services programs.
- Review the Annual Report for 2011
- Attend the Annual Congress of Boards and Commissions.



HOUSING STOCK & RENT PROFILE

Vacancy decontrol has had a clear impact on the affordability of West Hollywood's rental housing. The following pages show the recent history of higher move-in rent levels as compared to the previous stabilized rents for the City's rent stabilized units.

CHART C • Units With Market Vacancy Increases

Chart C show the number of rent stabilized units whose rents were reset by the Costa-Hawkins Rental Housing Act on a yearly basis. Beginning with 2001, Chart C tracks the cumulative total of rent stabilized units with at least one market rate vacancy increase since vacancy decontrol began in 1999. Almost two-thirds of the City's rent stabilized units received at least one market-rate jump by the close of 2011.

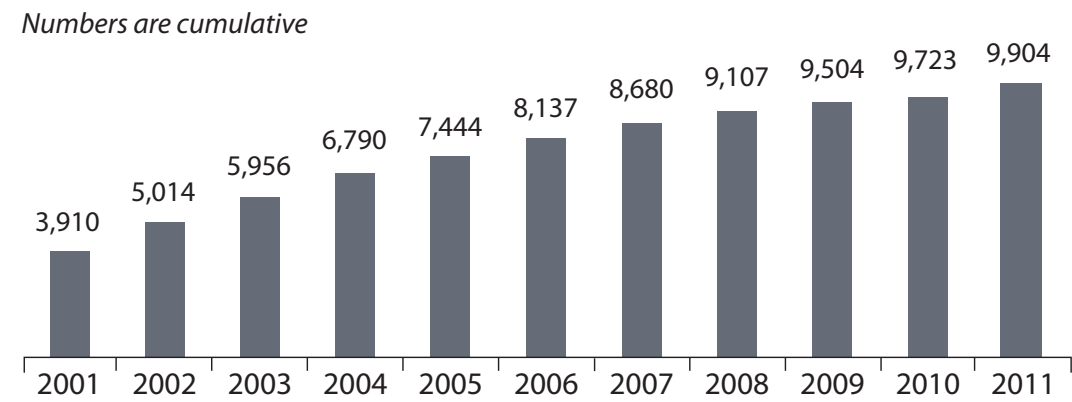
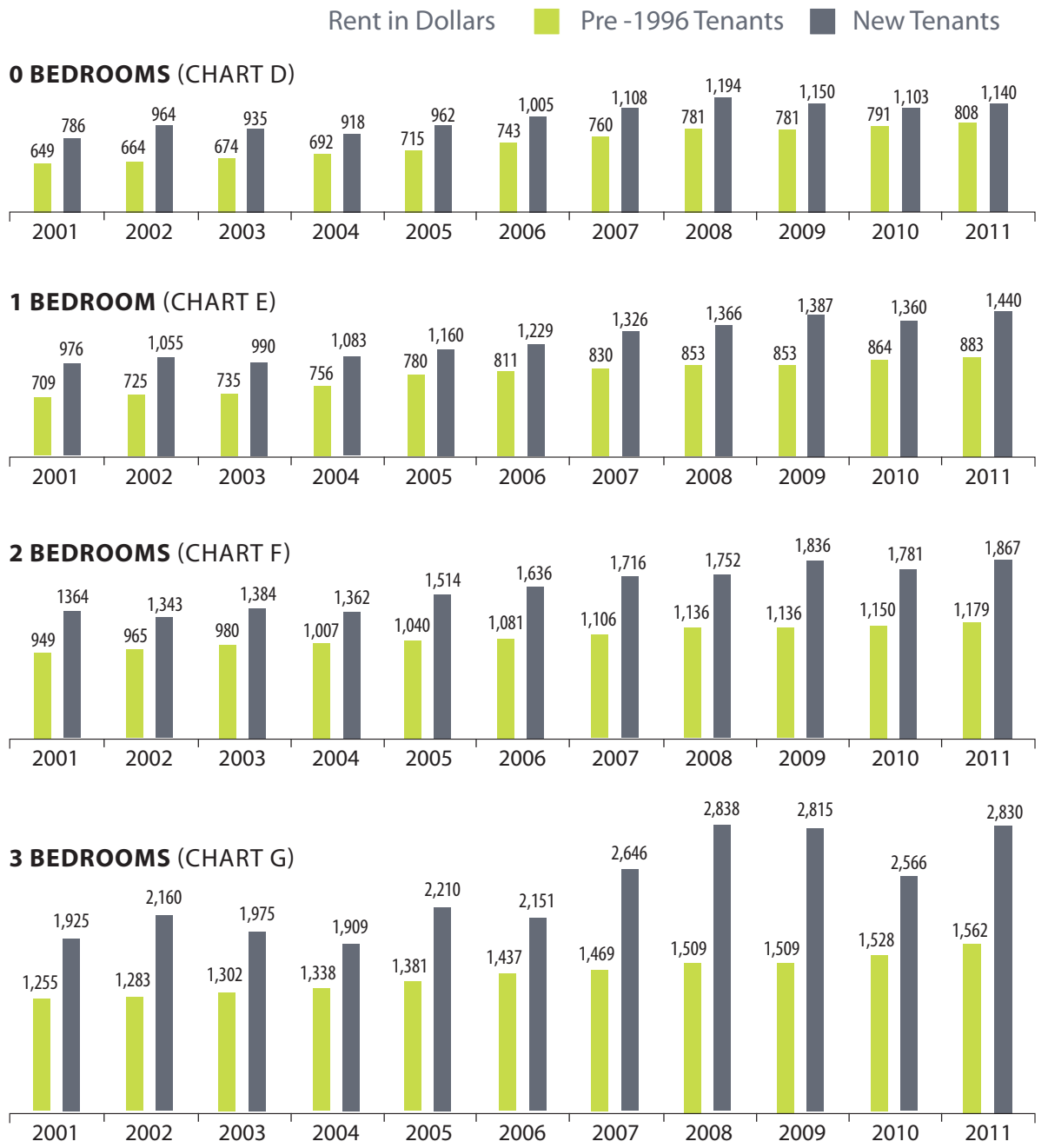


CHART D-G • Yearly Average Rents Charts D through G show the yearly average rents paid by long term, pre-1996 tenants who are still in their units and compares it to the yearly average move-in rents paid by new tenants after a unit is decontrolled. Both groups are broken down by the number of bedrooms in the unit. The rent amounts for pre-1996 tenants are determined by taking the unit's December 31, 1995 MAR (*Maximum Allowable Rent*) and imputing all of the subsequent general adjustments through 2011. The rent amounts for new tenancies are determined by averaging the rent levels listed by landlords on Unit Re-Registration After Vacancy forms required for new tenancies.



City's Residential Housing Inventory (as of December 31, 2011)

How Many Residential Units are there in West Hollywood? **24,042**

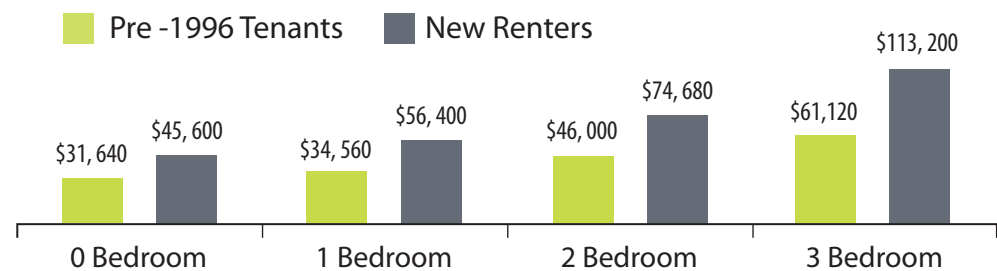
CITY'S RENT STABILIZED APARTMENTS	
0 bedroom	2,222
1 bedroom	8,055
2 bedroom	4,382
3 bedroom	379
4 or more bedroom	11
TOTAL	15,049

Housing Affordability

The U.S. Department of Housing and Urban Development and standards of the real estate industry suggest that monthly rent should equal approximately one-third of a household's income. Recent studies on affordability have established methodologies for calculating the relationship between wages and rent, determining such metrics as a "housing wage", a variation on a "living wage", in contrast to the legally established and enforced "minimum wage". An examination of rental affordability illustrates the success of rent stabilization in maintaining an economically diverse population in West Hollywood.

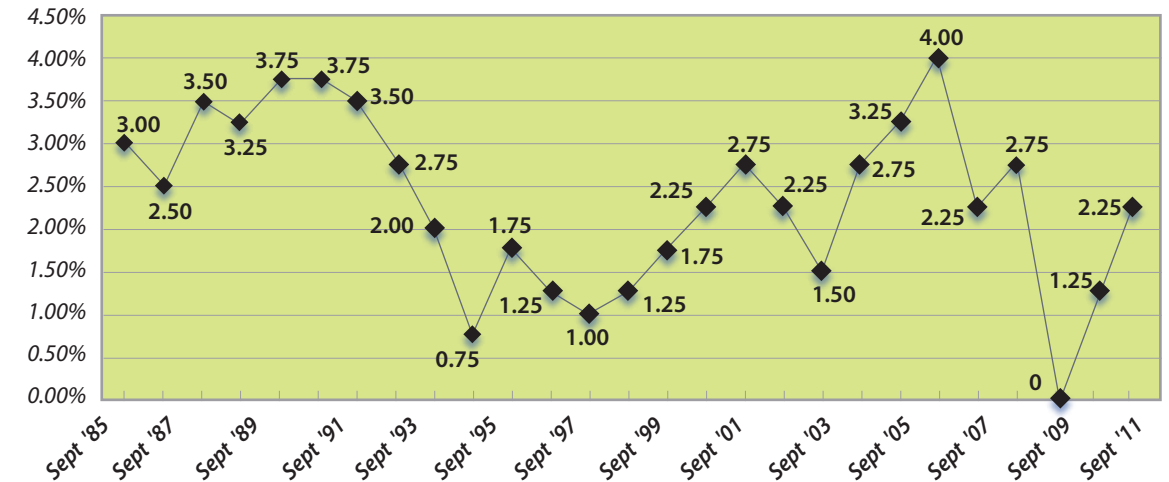
CHART I • Rental Housing Affordability by Household Income

Chart I shows what these rent levels mean in terms of affordability. The household income needed in 2011 to "afford" the rent in rent stabilized units broken down by number of bedrooms. Affordability was defined by using the housing industry standard of 30% of gross household income.



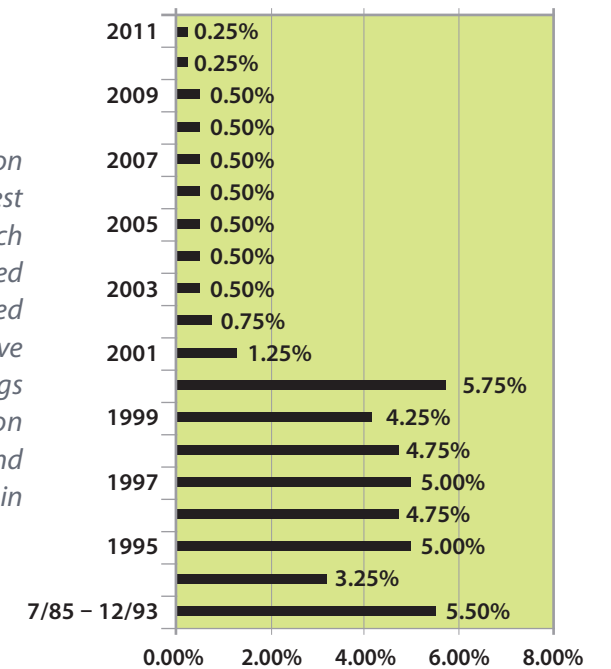
Annual General Adjustment

The Annual General Adjustment in rent is based on 75% of the Consumer Price Index for the area. The amount of the adjustment is announced by the Rent Stabilization Commission each year before July 1st. Landlords who are current with their registration fees are notified of the adjustment's amount during July so that they can start giving increase notices by August 1st. The adjustment covers the period of September 1st through August 31st of the following year.



Security Deposit investment

The City of West Hollywood's Rent Stabilization Ordinance requires that tenants be paid interest on their security deposits by January 31 of each year in an amount determined by the City based on prevailing interest rates. The rate is determined by averaging the interest percentage paid by five local banks to their customers for regular savings accounts. The Rent Stabilization Commission announces the required interest rate annually, and notifies the City's landlords and tenants by mail in December of each year.





LOOKING AHEAD TO 2012

During the next year, the Rent Stabilization and Housing Department will continue to administer the Rent Stabilization Ordinance and other City ordinances through community education, policy analysis, and implementation of program components.

Highlights of 2012 are expected to center on implementation of the new Housing Element of the General Plan, an update to the Rent Stabilization Ordinance and regulations, changes resulting from the elimination of the Redevelopment Agency, and more connectivity with Social Services. The Department is developing stronger approaches to assisting residents whose Section 8 contracts have been terminated, a consequence for some landlords who want to end their contracts to go to market rate rents. Also the Department will educate those landlords about the pertinent clauses in the Costa-Hawkins Rental Housing Act that may apply and actually constrain the rents forward for three years.

Commission Priorities

Staff will follow-up with the priorities of the Rent Stabilization Commission, including a "Hearings 101" brochure, analysis of pertinent Rent Stabilization and Regulation changes, educational meetings about rent stabilization and housing programs for constituents and further inter-departmental program coordination and the State-mandated Implementation of the General Plan's Housing Element.

Update of Ordinance and Regulations

On an ongoing basis, staff considers changes and updates to the Ordinance and Regulations. During 2011, staff identified Ordinance and Regulations changes which were brought to the Commission in 2012:

For the Rent Stabilization Ordinance, the City Council passed a change that limited the rent overcharges resulting from a landlord's failure to re-register after a vacancy to three year statute of limitations.

The Commission passed a change to the Regulations that allows those who receive registration fee rebates to a three year window to file for up to \$60 per year. This helps those who may miss a year due to illness or other reasons. The rebate is for those over 62 or disabled who live in rent stabilized apartments and have paid the \$5 per month to their landlord.

The Commission passed a change to allow owner-occupancy exemptions for the registration fee a longer window to apply for the exemption, from 30 day to, now, 180 days.

As needed and with prudence, staff will continue to bring updates to the Commission or City Council.

As a consequence of the Elimination of the City's Redevelopment Agency, during 2011, the Rent Stabilization and Housing Department braced for the court decision that upheld AB1 x26. This brought forward the process

of the dissolution of redevelopment into a Successor Agency. More will unfold about the status of redevelopment area assets, obligations and the ability to use the bond proceeds

Future Legislation, Grant Funding and Housing Element Implementation

With the circumstances of the loss of redevelopment, staff has increased its efforts to be involved with providing recommendations and support to the City Council and its legislative advocate for legislation that might reform the Successor Agency processes, continue to help protect tenants, and foster funding streams (*fees on a parcel, for instance*) dedicated to affordable housing.

In the challenging times of the reduction of fiscal sources for grants, nevertheless, staff has a renewed effort to watch and apply for grant funds that would improve the quality of the city's aging housing stock, or, energy efficiency programs for owners of multi-family properties.

As the implementation of the Housing Element goes forward, the City will have results of some exploratory work by consultants for typologies on mechanical systems upgrades (*HVAC, plumbing, electrical*), soft story seismic rehab and energy efficient recommendations.

THE CITY OF WEST HOLLYWOOD

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Mayor Pro Tempore

Abbe Land

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Paul Arevalo

RENT STABILIZATION DIVISION

Manager

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Tom Trevor

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Additional Narrative

Abby Arnold

Graphic Design

Joanne Shannahoff Design

City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069

Telephone 323.848.6400
www.weho.org

City of West Hollywood
8300 Santa Monica Boulevard
West Hollywood, California 90069

Telephone 323.848.6400
TTY hearing impaired 323.848.6496

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