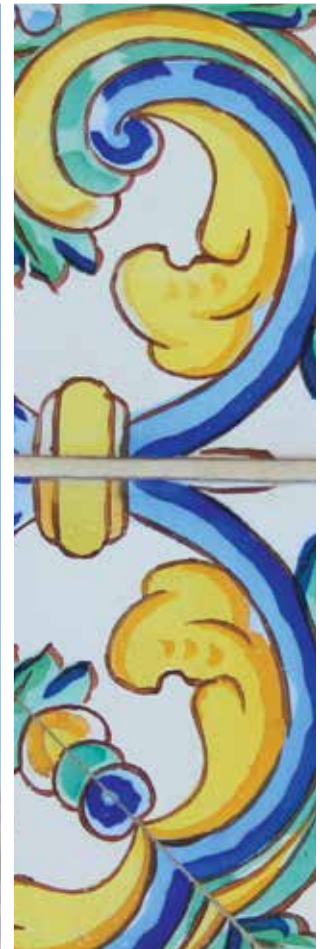


ANNUAL REPORT

2014



Celebrating
Our 30th
Anniversary

City of West Hollywood Rent Stabilization and Housing



photo by Tom Trevor

City of West Hollywood Rent Stabilization and Housing

cover photos by Tom Trevor, *Welcome to the New City* courtesy of the LA Public Library's Herald-Examiner Collection

| | |
|---|---|
| 1 Introduction | 13 Rent Stabilization Commission |
| 2 Anniversary of West Hollywood | 16 Legal Services & Legislative Affairs Division |
| 4 Trends Affecting Housing | 19 Residential Housing Inventory and Rents 2014 |
| 6 Activities Rent Stabilization & Housing Division in 2014 | 26 Looking Ahead to 2015 |
| 9 Affordable Housing Development | |

INTRODUCTION

The City of West Hollywood celebrated its 30th anniversary in 2014, and the City's Rent Stabilization Ordinance (RSO) and Inclusionary Housing Ordinance both turn 30 years old in 2015. Through these two programs, West Hollywood has demonstrated a commitment to protecting and enhancing affordable housing opportunities, ensuring the maintenance of its existing housing stock, and securing for tenants a high quality of residential life which is a core value of the City.

Covering about 70% of the City's residential housing units, the RSO prevents excessive rent increases, prohibits arbitrary evictions, and sets maintenance standards in addition to those required by Building, Health and Safety Codes.

The inclusionary housing program requires developers of new residential buildings to provide affordable housing on-site or to pay into the City's Affordable Housing Trust Fund, depending on circumstances.¹ The City uses the money in the fund to partner with non-profit affordable housing providers to develop and maintain lower income housing in the community.

The ability of a person to remain in the housing of their choice over the course

of their life, known as "Aging in Place," was one of the Division's major focuses in 2014. The Division partnered with other City divisions including Social Services, Recreation, Planning, Arts and Economic Development, Public Safety, and Facilities for the purpose of developing an Aging in Place Strategic Plan. In 2015, these Divisions will refine the plan based on feedback from the community.

Also in 2015, the Rent Stabilization and Housing Division will explore options to encourage unit swapping for tenants who live on upper floors, but now have difficulty accessing their apartments due to personal mobility issues. While unit swapping is allowed under current California law, state-mandated vacancy decontrol often times presents an insurmountable financial obstacle for those who would like to do so.

The availability of housing for lower and moderate income households will remain a serious challenge for the Los Angeles region and the State of California in the next year and afterwards. The City of West Hollywood, however, is steadfast in its commitment to meeting this challenge by developing and preserving affordable housing wherever it can.

¹ Generally, paying the in-lieu fee is for projects with 10 or fewer residential units.



ANNIVERSARY OF WEST HOLLYWOOD

CELEBRATING 30 YEARS OF
PROVIDING QUALITY RESIDENTIAL
LIFE TO THE COMMUNITY



photo courtesy of the LA Public Library's Herald-Examiner Collection

The year 2014 marked the 30th anniversary of cityhood for the City of West Hollywood. Protecting residents from excessive rent increases and arbitrary eviction were among the primary reasons a grassroots coalition of renters, seniors and LGBT activists joined together in 1984 to make an unincorporated area of Los Angeles County its own city.

One of the first actions of the new City Council was to pass an urgency ordinance that created a moratorium on rent increases and limited evictions. This moratorium ultimately became the Rent Stabilization Ordinance, with its stated goal of balancing tenants' rights with a

landlord's right to a fair return on the property.

Providing quality residential life to the community through rent stabilization laws and affordable housing has always been one of the priorities for the City. Thirty years later, that commitment remains.

The Rent Stabilization Ordinance has helped stabilize West Hollywood's housing market, has made it possible for long-term tenants to stay in the City, and remains a key component in keeping the City true to its founding principles.



photo courtesy of Killebrew/Flammang Architects

TRENDS

AFFECTING HOUSING

While construction of multifamily buildings increased in 2014, returning to average pre-recession levels, rent affordability remained a significant issue across the country due to higher demand for available housing. More households today are choosing to rent rather than own and this increase in renter households, including older adults, families with children, and higher-income earners who have started to rent in higher numbers, has caused vacancy rates to fall and rents to rise.²

The Los Angeles region continues to face a serious lack of affordable housing and has become one of the least affordable places to live in the country, according to a UCLA study.³ Though median rents are slightly lower than other metropolitan areas such as New York and San Francisco, the median income of households in Los Angeles is lower as well, so rents in Los Angeles are proportionally less affordable. Lower-income households continue to face challenging rent burdens, while the rent

burden experienced by middle-class households has become more severe as well.

The City of West Hollywood has seen a similar trend, with average rents for new tenants moving into rent-stabilized units increasing by 7% from 2013 to 2014. The City of West Hollywood's Housing Element Technical Background Report indicates that more than 50% of renter households are considered "rent-burdened," having housing costs above 30% of their income, and 27% of households are considered

severely rent-burdened having housing costs above 50% of their income. These higher housing costs can create ripple effects as households are forced to make sacrifices in other expenses, such as food or healthcare.⁴

While the need for affordable housing is increasing, state and federal funding to build housing is decreasing. The elimination of redevelopment agencies by the State of California along with affordable housing tax increment set-aside requirements, reduced



photo by Tom Trevor

AFFORDABILITY IS AN ISSUE ACROSS THE COUNTRY

federal funding under budget sequestration, and cutbacks to the Federal Housing and Urban Development Department's HOME, CDBG and Section 8 funding have constrained financing sources for building new affordable housing and for maintaining existing affordable housing projects.

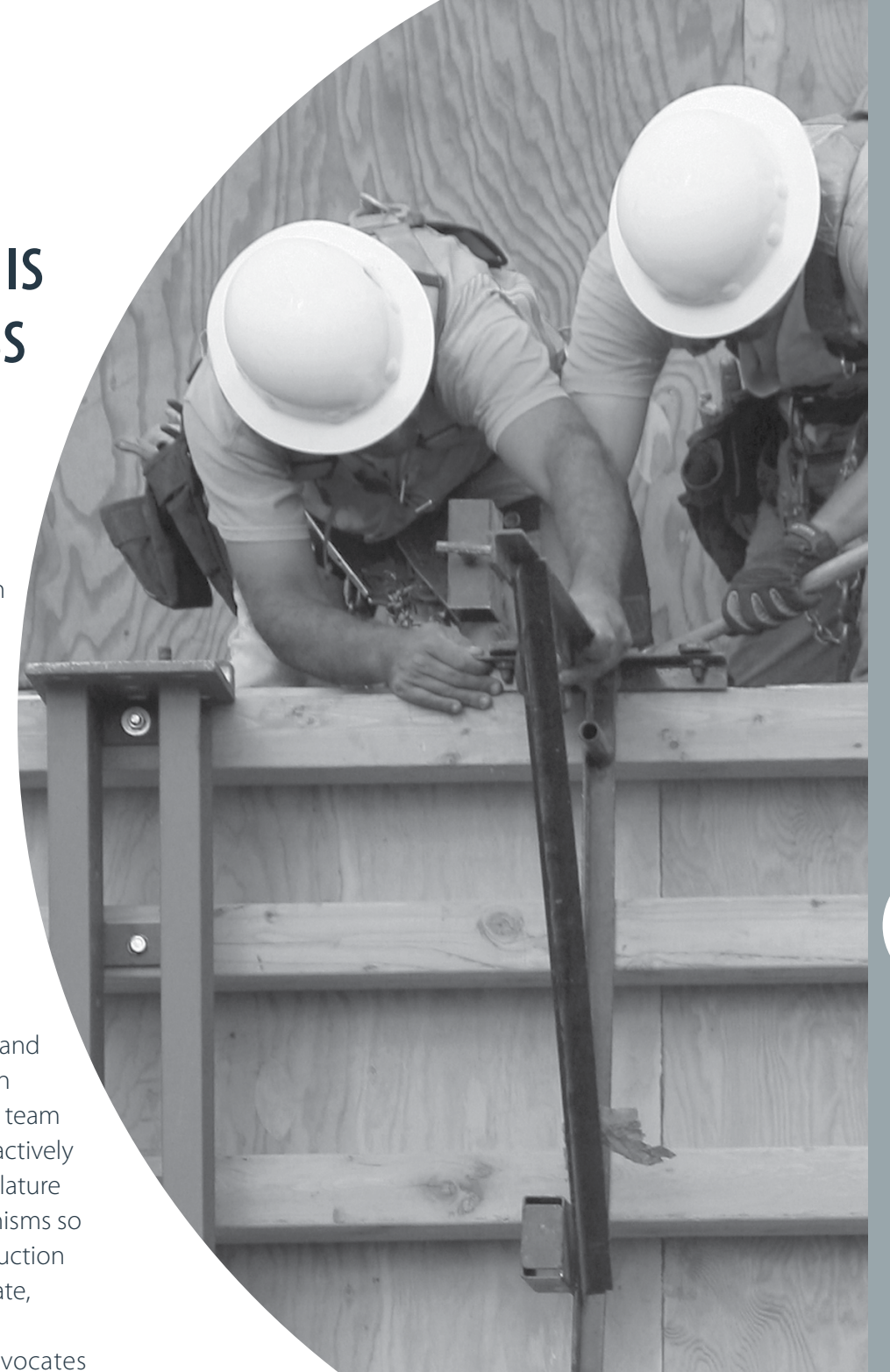
To address funding reductions, the Rent Stabilization and Housing Division along with the City's Legal Services and Legislative Affairs Division and the City's legislative advocate in Sacramento stay informed as a team on policy decisions. The team actively encourages the California legislature to create new funding mechanisms so that affordable housing construction can resume throughout the state, including in the City of West Hollywood. The team also advocates reforms to the Ellis Act and supports other tenant's rights legislation.

² Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing 2014." (June, 2014). http://www.jchs.harvard.edu/research/state_nations_housing.

³ Center for the Study of Inequality, UCLA Luskin School of Public Affairs. "Impacts of the Widening Divide: Los Angeles at the Forefront of the Rent Burden Crisis." (September, 2014).

⁴ Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing 2014." (June, 2014). http://www.jchs.harvard.edu/research/state_nations_housing.

THE LOS ANGELES REGION CONTINUES TO FACE A SERIOUS LACK OF AFFORDABLE HOUSING AND, HAS BECOME ONE OF THE LEAST AFFORDABLE PLACES TO LIVE IN THE COUNTRY, ACCORDING TO A UCLA STUDY.³



ACTIVITIES

RENT STABILIZATION AND HOUSING IN 2014

MISSION STATEMENT

The Rent Stabilization and Housing Division develops housing programs and policies for the City in order to promote a strong and vibrant residential community, with particular emphasis on rent stabilization, affordable housing production and preservation, and aging in place.

The Division is responsible for administering the Rent Stabilization and Inclusionary Housing Ordinances with particular emphasis on maintaining tenant's rights and affordable housing production and preservation.



photo by Tom Trevor

PROVIDING

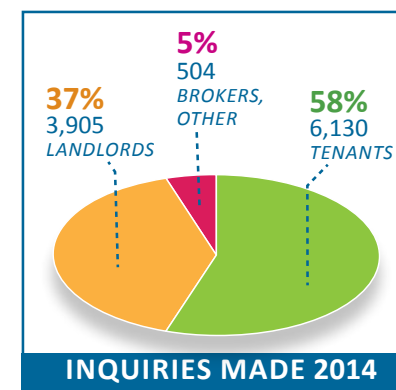
an avenue for tenant and property owner concerns

The Rent Stabilization and Housing Division works with other City Divisions to preserve tenancies for vulnerable individuals and to support property owners in making their buildings safe and stable.

SERVING

the public through personalized communication

During calendar year 2014, staff members spoke with **10,539** individuals, of whom 6,130 were tenants, 3,905 were landlords, and 504 were brokers, lawyers, or other interested parties.



The most common topics of concern were housing, evictions, maximum allowable rent disputes, housing services, lease issues, maintenance, parking, and hearings.

THE MAIN GOALS OF THE DIVISION ARE:

- Preservation and improvement of existing housing,
- Fair regulation of rental housing, and
- Creation and continuation of new market-rate and affordable housing opportunities.

DEVELOPING

ongoing community outreach

To make information on how to resolve housing-related issues by using City services readily accessible, in 2014 the Rent Stabilization and Housing Division updated and distributed the Division's "Guide to Rent Stabilization" and "Hearings and Remedies Guidebook" in both English and Russian.

INFORMING

the public on community issues

During 2014, the Division also offered nine seminars in its "Building Blocks" workshop series to educate tenants, landlords, and other community members on issues such as Emergency Preparedness for Apartment Buildings, Tenants 101 Workshop (offered in English and Russian), How Evictions Work, Basic Property Maintenance, Pets 101 Workshop, and Reasonable Accommodations for Disabled Tenants. An average of nine people attended each seminar with 90% indicating via a follow-up survey that the seminars were useful. The seminars are provided at no cost to the attendees.

RESIDENTIAL RENTAL

referrals provided at no cost become mobile-device friendly

The Division maintains a list of available rental units in West Hollywood. This list is updated weekly and owners can post their listings for free. In the coming year, the Division will explore ways to update the list to be searchable and easier to use on mobile devices.

SETTING

General Adjustments and Interest Rates for Security Deposits

The Rent Stabilization Ordinance set the Annual General Adjustment (AGA) at 1.25% for the months between September 1, 2014 and August 31, 2015. This rate was determined based on the increase in the Consumer Price Index from May 2013 to May 2014.

The security deposit interest rate is determined by averaging the interest paid by five local banks for regular savings accounts, rounded to the nearest one-quarter percent. The calculation resulted in an interest rate of 0% for 2014.



photo by Tom Trevor

Newsletters were sent to tenants and landlords in July and December 2014 announcing the general adjustment, and the security deposit interest rates.

HEARINGS

on maximum allowable rent and rent decreases

Hearings are held if a tenant or landlord wants to ascertain the legal Maximum Allowable Rent (MAR) for a unit or if a tenant believes there has been a substantial reduction in housing services that warrants a rent adjustment. The Rent Stabilization and Housing Division coordinates the hearings process with the Legal Services and Legislative Affairs Division. A total of 74 hearings were held in 2014.

GUIDING

new property owners, tenants and prospective multi-family housing buyers

All new tenants and owners in rent stabilized apartments receive an information packet introducing them to the West Hollywood Rent Stabilization program. The packet contains a fact sheet, a guide to rent stabilization, a voter registration form and a welcome letter. In 2014, 130 new landlord and/or property managers and 2,149 new tenant packets were mailed.

RENT REGISTRATION FEES

The Rent Stabilization program is funded through registration fees collected from rent-

stabilized properties at a rate of \$120 per year per unit. In 2014 there were 16,895 units under the jurisdiction of the rent stabilization program resulting in \$1,873,920 in rent registration fees billed. Section 8 units pay only the \$60 landlord portion of the registration fee, and owner-occupied units do not pay the registration fee at all. In 2014, there were 1,459 units with owner's or owner's relative exemptions.

DISBURSING

tenant registration fee rebates

Landlords are allowed to pass through half of the registration fee per unit to their tenants in \$5 increments per month. Very low-income tenants who are over 62 years of age or disabled may obtain an annual rebate if they paid registration fees to their landlord in the previous year. A tenant has up to three years to file. Currently for 2014, 376 tenants have been granted registration fee rebates.

TRACKING

rental status to monitor new rents after each vacancy

The Rent Stabilization Division maintains digital records of residential properties. Each time a unit is rented the owner must file a Re-Registration of New Tenancies in a Unit form which includes the move-in date, the initial rent paid, and housing services that are provided (parking, storage, laundry, etc.). The form must be signed by both the landlord

and the tenant. Once the form is verified and processed, a letter of confirmation is sent to the parties, and the information is stored in the City's database as a record of the move-in rent and housing services provided for the tenancy.

ADMINISTRATING

the Inclusionary Housing Program

The Inclusionary Housing Ordinance outlines requirements for developers of new multifamily buildings to provide a percentage of units as affordable to lower and moderate income households. The Rent Stabilization and Housing Division works with the developers and owners of multifamily buildings to ensure that proper requirements are met.

MAINTAINING

the City's housing information center

The Division's housing information center is located in the City Hall lobby and on the website. It contains a variety of information for prospective tenants, current tenants, and developers about affordable housing. Handouts include information about inclusionary and affordable housing programs, referral information for Section 8 voucher holders, housing rights, and information from the Department of Consumer Affairs on how to become "tenant ready" (how to improve one's credit and rental history).

AFFORDABLE HOUSING DEVELOPMENT

AS AN ONGOING STRATEGIC GOAL OF THE CITY OF WEST HOLLYWOOD, THE RENT STABILIZATION AND HOUSING DIVISION WORKS WITH PRIVATE AND NONPROFIT DEVELOPERS TO DEVELOP, PRESERVE, AND REHABILITATE AFFORDABLE HOUSING.



INCLUSIONARY HOUSING

The City of West Hollywood administers an Inclusionary Housing Program, in which developers are required to make a percentage of newly constructed housing units available to lower and moderate income households. The affordable units (or “inclusionary” units) must be dispersed throughout the building in an effort to generate a mix of income levels within residential areas and offer access to public and commercial services regardless of economic status and income level.

NONPROFIT DEVELOPERS AND AFFORDABLE HOUSING

In 2014, the West Hollywood Community Housing Corporation (WHCHC) affordable housing building, called the “Courtyard at La Brea,” was completed. The building contains 32 units, of which 16 were filled through a lottery available to very-low income households. The other 16 units were designated for people living with disabilities, including HIV/AIDS, and transition age youth (ages 16-25). Funding for the Courtyard at LaBrea was provided through a \$5.8 million dollar loan from the City of West Hollywood that was used to leverage an additional \$9 million in HOME funds and Tax Credits.

Also in 2014, the Affordable Living for the Aging (ALA)

building, the Janet L. Witkin Center, was opened. The Janet L. Witkin Center contains 17 units for very-low income seniors with some units reserved for seniors who were at-risk of homelessness and seniors who are living with disabilities. Funding for the Witkin Center was provided through a \$2.3 million dollar loan that was used to leverage an additional \$6 million in HOME funds and other county funds, bank loans, and charitable contributions.

FUNDING OF AFFORDABLE HOUSING

State of California collaborative report

In 2014, the state’s four housing agencies – the California Tax Credit Allocation Committee (TCAC), the California Debt Limit Allocation Committee (CDLAC), the Department of Housing and Community Development (HCD), and the California Housing Finance Agency – all collaborated to collect and analyze data on the costs of building affordable housing in the state.⁵ The report suggests that several factors including land costs, community opposition, construction quality and durability, and economies of scale, all affect the costs of building affordable housing and create additional challenges. Currently, it is necessary to leverage several sources of funding in order to help address the huge demand for housing and the high costs of development. Some possible

sources of funding are discussed below. Affordable housing development in West Hollywood has utilized a combination of these and other funding sources.

AFFORDABLE HOUSING TRUST FUND

The Affordable Housing Trust Fund was created 30 years ago by the City Council to serve as a source of money for the creation and support of permanently affordable housing in West Hollywood. The funds are used by nonprofit affordable housing developers for projects that have at least 60% of units as affordable to low and moderate income households, with 20% of those units reserved for low income households.

Prompted by the lack of a stable source of funding for affordable housing development, on June 2, 2014 the City Council approved a one-time budgeted allocation of \$1 million from the General Fund to the Affordable Housing Trust Fund.

LOW INCOME HOUSING TAX CREDITS

The Low-Income Housing Tax Credit (LIHTC) Program, created by the Federal government, provides tax credits to developers of affordable rental housing. The tax credits are provided during the first 10 years of a minimum 30-year compliance period during which rent and income restrictions apply. The LIHTC Program,

although established in the U.S. Internal Revenue Code (IRC), is structured so that state allocating agencies administer most aspects of the program, including income and rent compliance, with the Internal Revenue Service (IRS) providing oversight and guidance. Local administration allows states to address affordable housing needs specific to their populations.

Some states, including California, have established their own tax credit programs in addition to the federal program. In California, the demand for tax credit financing exceeds the supply by approximately two to one. The state has developed a competitive scoring process to determine which applicants receive the credits. The scoring includes points for projects that serve lower income tenants, leverage public and private funds, include high-energy efficiency features, and for developers who have previously received the credits, among other factors.

The California Tax Credit Allocation Committee (CTCAC) administers the federal and state Low-Income Housing Tax Credit (LIHTC) Programs.

Developments in West Hollywood that have been built recently using tax credits include the Courtyard at La Brea and the inclusionary housing units in the Huxley and the Dylan market-rate buildings.

ADDITIONAL FUNDING SOURCES

Similar to the LIHTC Program, other funding sources like HOME Funds and Section 8 Project-Based Vouchers, are HUD (federal) programs that are administered locally through the Community Development Commission of the County of Los Angeles and the Housing Authority of the County of Los Angeles. These funding sources are also available through competitive application processes. Higher scoring is available for projects that include a certain number of units for special needs populations. Buildings in West Hollywood that have been built using these sources of funding include the Courtyard at La Brea and the Janet L. Witkin Center.

HOUSING ELEMENT IMPLEMENTATION

The Housing Element holds the City’s goals and policies on housing and includes 26 programs directed at meeting the community’s housing needs. The Housing Element is renewed periodically by the Planning Commission and City Council through an extensive community outreach and input process. On December 2, 2013, the West Hollywood City Council adopted the current Housing Element, with goals and policies, as well as programs to implement those policies through October 15, 2021. The current Housing Element was certified by the California Department of Housing

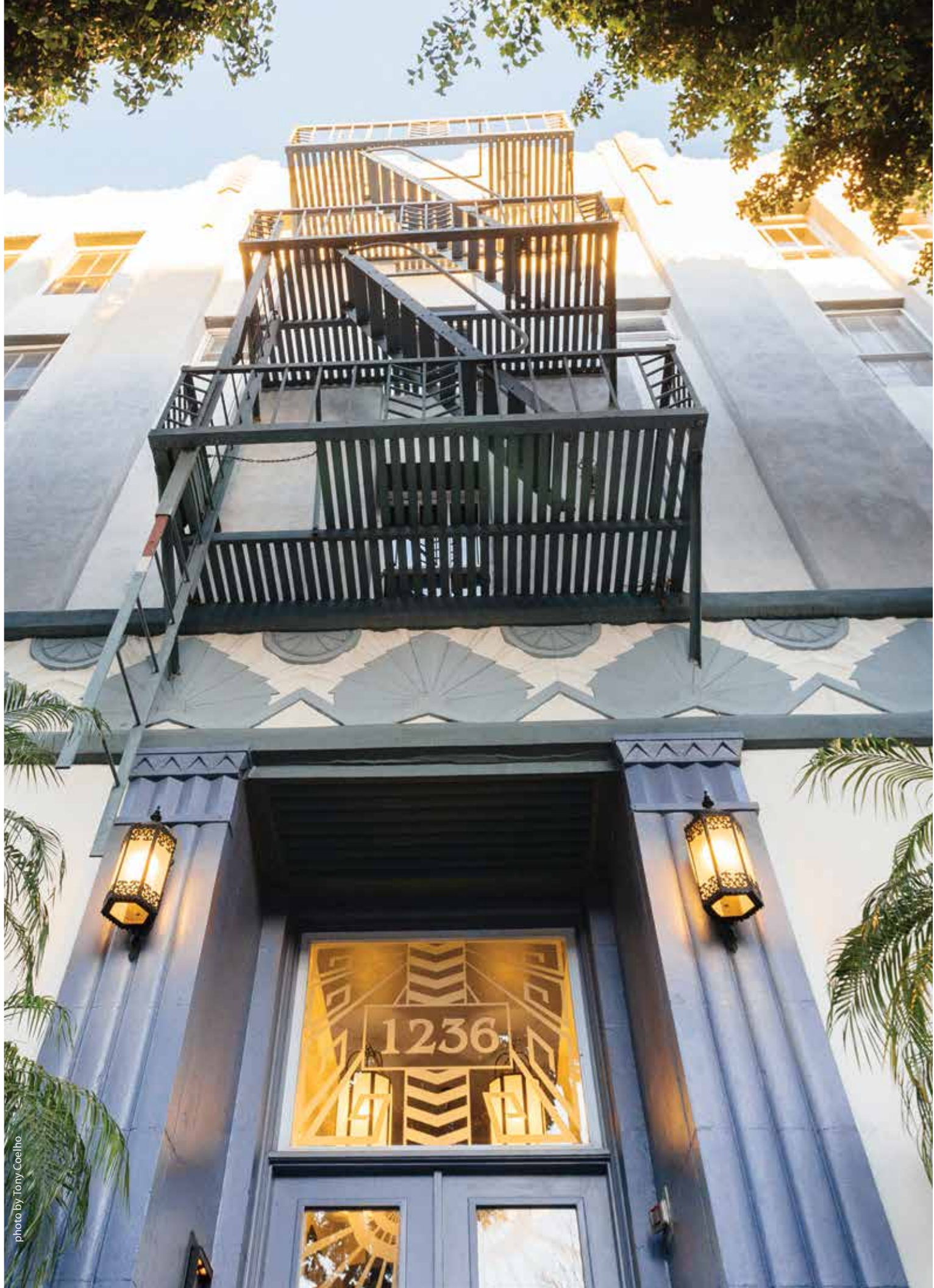
and Community Development on January 14, 2014.

The City submits an Annual Progress Report to HCD, which includes the status of the Housing Element programs and the progress in their implementation. The City’s progress in meeting its share of regional housing needs is also included. The report is shared with the Planning Commission in advance of a public hearing that is held before the City Council. At the public hearing, the City Council reviews, and modifies the report if needed, before requesting city staff send the report on to the State for filing.

While developing the report and afterward, in an ongoing effort to receive information from community members on housing needs, an online housing satisfaction survey was added to the Rent Stabilization and Housing Division’s website, an Engage Weho topic page was set up where residents could participate in an online dialogue, and staff members visited various community and City events with a housing questionnaire.

In 2014, permits for 270 new residential units were issued. This included new developments at Santa Monica Boulevard and N. Formosa Street (166 units), and Santa Monica Boulevard and Crescent Heights (24 units). Both projects include 20% affordable housing; however, the latter project will not be built.

⁵ California Department of Housing and Community Development. “Affordable Housing Cost Study: Analysis of the Factors that Influence the Cost of Building Multi-Family Affordable Housing in California” (October, 2014). <http://www.hcd.ca.gov/>



THE RENT STABILIZATION COMMISSION

THE RENT STABILIZATION COMMISSION PROVIDES A MECHANISM BY WHICH TENANTS AND PROPERTY OWNERS MAY APPEAL DECISIONS ISSUED BY HEARING EXAMINERS CONCERNING RENTS, PROPERTY MAINTENANCE, HOUSING SERVICES, AND OTHER IMPORTANT LANDLORD-TENANT ISSUES. COMPRISED OF FIVE WEST HOLLYWOOD RESIDENTS, EACH APPOINTED BY A CITY COUNCIL MEMBER, THE COMMISSION ALSO REVIEWS THE RENT STABILIZATION ORDINANCE AND REGULATIONS PROPOSING APPROPRIATE CHANGES TO BETTER EFFECTUATE, IMPLEMENT, AND ENFORCE THE LAW.



2014 GOALS AND ACCOMPLISHMENTS

APPEALS

THE RENT STABILIZATION COMMISSION'S PRIORITY IS TO HEAR APPEALS IN RENT ADJUSTMENT HEARINGS. A TENANT OR LANDLORD MAY APPEAL THE HEARING OFFICER'S DECISION ON ANY APPLICATION FOR RENT ADJUSTMENT TO THE RENT STABILIZATION COMMISSION. THE HEARING DECISION MAY BE APPEALED IF THE APPELLANT BELIEVES AT LEAST ONE OF THE FOLLOWING LEGAL GROUNDS EXISTS: THE DETERMINATION IS CLEARLY IN ERROR, THE DETERMINATION IS NOT SUPPORTED BY THE EVIDENCE IN THE HEARING RECORD, THE DETERMINATION CONSTITUTES AN ABUSE OF DISCRETION BY THE HEARING EXAMINER, THE DETERMINATION IS CONTRARY TO SPECIFIC PROVISIONS OF STATE OR LOCAL LAW.

IN 2014, THE COMMISSION HEARD 12 APPEALS. NINE OF THESE CASES WERE APPEALS OF RENT DECREASE HEARING DECISIONS, WHILE TWO OF THE APPEALS WERE ON MAXIMUM ALLOWABLE RENT DETERMINATIONS, AND ONE CASE WAS ON AN OVERCHARGE.

IMPLEMENTATION OF THE RENT STABILIZATION ORDINANCE (RSO)

In addition to hearing appeals, the Commission has other responsibilities in relation to implementing of the RSO. The Commission announces the annual interest rate set by the RSO for tenant security deposits. The interest rate for 2014 was 0% because of the low interest rates offered at banks throughout the region.

The Commission also announces the Annual General Adjustment (AGA) pursuant to the RSO. The AGA is determined by taking 75% of the rise in the Los Angeles area Consumer Price Index, rounded to the nearest one-quarter of 1%. The adjustment effective September 1, 2014 was 1.25%.

VALUATIONS

In 2014, the Commission completed its evaluation and discussion of the City's Valuation Guidelines. The Guidelines are a set of values that are used to assist the Hearing Examiner and Commission in determining the appropriate amount of a rent reduction if there is required maintenance or if a housing service is removed. An ad hoc committee consisting of two Commissioners was

formed to work with staff and determine the most effective way for the City to update the values. The Committee regularly reported back to the full Commission on its progress, and the Valuation Guidelines were updated on July 24, 2014, based on these discussions.

The Commission also decided to update the Guidelines annually based on the increase in the Consumer Price Index. Going forward, this annual update will be reviewed by the Commission in July.

THINGS TO KNOW EDUCATIONAL SERIES

Again this year, Rent Stabilization Commission meetings broadcast on WeHo-TV included "Things to Know" presentations by Division Staff. Designed as an educational tool for the viewing public, "Things to Know" topics are chosen based on data received from public counter contacts and telephone inquiries. In 2014, topics included the "Inclusionary Housing Waiting List", "Relocation Benefits", "Re-registration, Leases and Maintenance," "Mediation," and "Hoarding."

ANNUAL RENT STABILIZATION COMMISSION STUDY SESSION

Each year the Commission conducts a study session to determine possible work program topics and compiles these into "Suggested Priorities" for the upcoming year. The Commission tracks the work plan throughout the year and evaluates progress in completing these priorities. At the 2013 annual study session, the Commission developed the following top ten ongoing and new priorities to focus on in 2014:

1. Holding hearings on appeals
2. Receiving affordable housing updates
3. Reviewing the City's valuation guidelines
4. Identifying key questions from hearings or appeals
5. Reviewing of Commission policies with recommendations to update the Rent Stabilization Ordinance, if necessary
6. Taking part in the Aging in Place Strategic Plan process, including brainstorming incentives and tenant protections
7. Exploring ways to incentivize unit swapping
8. Receiving updates on Section 8 status in West Hollywood
9. Reviewing of relocation benefits required for landlords either using the Ellis Act or doing repairs that require temporary relocation
10. Addressing the City's aging housing stock through infrastructure modifications, accessibility ramps, lighting, inspections, and proactive code compliance

LEGAL SERVICES & LEGISLATIVE AFFAIRS DIVISION

THE CITY'S LEGAL SERVICES AND LEGISLATIVE AFFAIRS DIVISION PROVIDES LEGAL SERVICES TO THE CITY TO SUPPORT THE ENFORCEMENT OF RENT STABILIZATION LAWS, INCLUDING TENANT HARASSMENT COMPLAINTS. THE DIVISION INCLUDES STAFF ATTORNEYS, SUPPORT STAFF, AND A MEDIATOR WHO PROVIDES NO-COST MEDIATION SERVICES TO HELP RESOLVE LANDLORD TENANT DISPUTES, CONFLICTS BETWEEN BUSINESSES AND RESIDENTS, AND OTHER DISAGREEMENTS. THE CITY ALSO CONTRACTS WITH BET TZEDEK LEGAL SERVICES FOR THE PROVISION OF NO-COST LEGAL SERVICES TO WEST HOLLYWOOD TENANTS WITH EVICTION ISSUES, WHEN APPROPRIATE.



photo by Tony Coelho

RENT ADJUSTMENT HEARINGS

| 2014 RENT ADJUSTMENT HEARING STATISTICS | 2014 | 2013 | 2012 |
|--|------|------|------|
| Hearings Filed | 106 | 97 | 133 |
| Hearings Held | 74 | 56 | 75 |
| Hearing Requests Withdrawn | 22 | 15 | 46 |
| Postponed to later date/dismissed administratively | 10 | 26 | 12 |

One of the ways in which the RSO prevents unlawful rent increases is through its rent adjustment hearings process. If an owner eliminates or substantially reduces a housing service or fails to perform required maintenance, a tenant may apply for a corresponding

reduction in rent. This process may also be used to determine the Maximum Allowable Rent (MAR) and whether the landlord has retained rent in excess of the MAR. The hearings are held at city hall and are heard by a neutral hearing examiner.

TENANT HARASSMENT

The Legal Services Division investigates complaints of tenant harassment. A tenant may initiate an investigation by filing a harassment complaint with the Division. In 2014, the Division received 44 tenant harassment complaints, which is equal to the number of complaints received in 2013. Once received, a tenant harassment complaint is assigned to an investigator who reviews the allegations made in the complaint and contacts all parties and any witnesses to the alleged harassment. Because tenant harassment is a criminal offense,

no charges will be filed unless the Legal Division and City Prosecutor are satisfied that all of the elements of the offense can be proven beyond a reasonable doubt. While few complaints are ultimately prosecuted, the investigation frequently alerts tenants and landlords to their rights and responsibilities under the Rent Stabilization Ordinance and helps bring parties into compliance. The Division also collaborates with other City Divisions, including Rent Stabilization and Housing, Planning, Building and Safety, and

Code Compliance to respond to situations, such as high-impact renovations, that sometimes could lead to incidents of tenant harassment.

MEDIATION

Many problems can be resolved through a communication and 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 City's mediator spoke with approximately 1,040 constituents in 2014, and resolved 485 conflicts through a combination of telephone calls and face to face meetings. Attempts are made to resolve most rent adjustment applications prior to scheduling a hearing. Typical issues for mediation include maintenance, parking, pets, roommates, and relocation when tenants must move out due to fires, fumigation, or other habitability concerns. The mediator also deals with issues involving condominium homeowner associations.



photo by Tony Coelho

RESIDENTIAL HOUSING INVENTORY & RENTS 2014

ACCORDING TO THE
AMERICAN COMMUNITY SURVEY,
THERE ARE A TOTAL OF

24,039 

Residential Housing Units

IN THE CITY OF WEST HOLLYWOOD.⁶

OF THESE,

16,895 

**Fall Under the City's
Rent Stabilization Program.⁷**

⁶ 2009-2013 American Community Survey 5-Year Estimates.

⁷ A unit is considered part of the rent stabilization program if it received its certificate of occupancy prior to July 1, 1979.

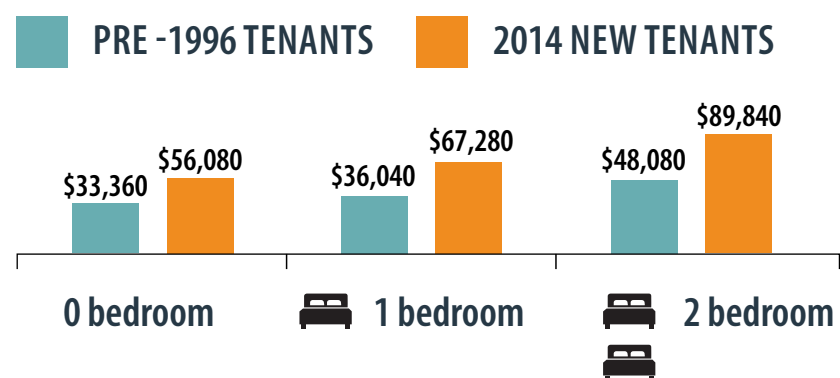
RENT-STABILIZED PROPERTIES IN WEST HOLLYWOOD - 2014*

| SIZE | UNITS | % |
|-------------|---------------|------------|
| 0 bedroom | 2,479 | 15 |
| 1 bedroom | 9,030 | 53 |
| 2 bedroom | 4,895 | 29 |
| 3 bedroom | 471 | 3 |
| 4 + bedroom | 20 | 0 |
| SIZE | 16,895 | 100 |

*Unit count as of December 31, 2014. Totals fluctuate based on newly registered units, units removed from the rental market and units returned to the rental market.

HOUSEHOLD INCOME NEEDED TO AFFORD RENT IN 2014

The chart below shows the household income needed in 2014 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 percent of gross household income.



RENT INCREASES AND VACANCY DECONTROL

Under the West Hollywood Rent Stabilization Ordinance, existing tenancies may be given an annual rent increase that is limited to 75 percent of the increase in the Consumer Price Index (CPI)

Under California's Costa-Hawkins Act,⁸ effective since 1996, rent for new tenancies may be increased to what the market will bear. Rent stabilization requirements are then reset at the new rent level, creating a higher rent level for newly rented units versus those where the tenant has remained in the same apartment for many years.

In the 18 years since Costa-Hawkins has been in effect, 64 percent of West Hollywood apartments have had at least one market-rate increase upon vacancy. The chart illustrates the increased number of apartments that have had rents brought to market rates.

In 2014, a total of 244 West Hollywood apartments increased to market rate upon a vacancy.

Number of Apartments with Vacancy Increases 2001 – 2014 (rents brought to market rates)

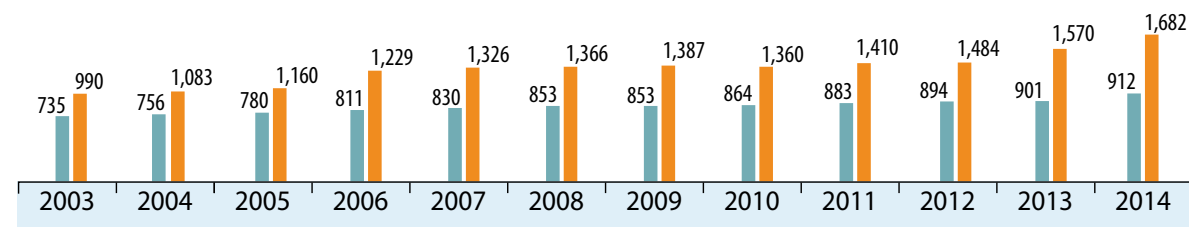
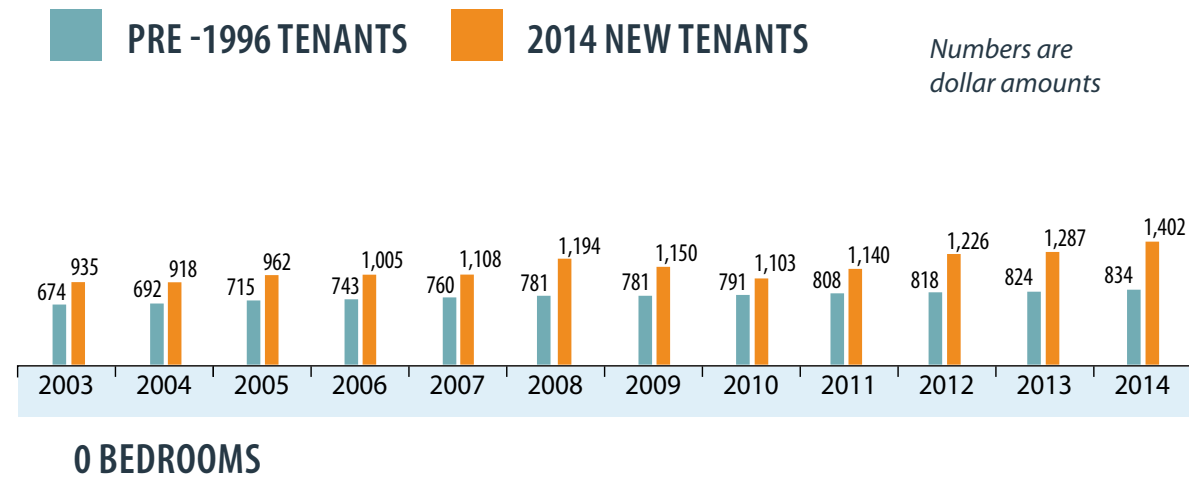
| YEAR | INCREASE DIFFERENCES | UNITS |
|------|----------------------|--------|
| 2014 | +244 | 10,792 |
| 2013 | +295 | 10,548 |
| 2012 | +349 | 10,253 |
| 2011 | +181 | 9,904 |
| 2010 | +219 | 9,723 |
| 2009 | +397 | 9,504 |
| 2008 | +427 | 9,107 |
| 2007 | +543 | 8,680 |
| 2006 | +693 | 8,137 |
| 2005 | +654 | 7,444 |
| 2004 | +834 | 6,790 |
| 2003 | +942 | 5,956 |
| 2002 | +1,104 | 5,014 |
| 2001 | +1,000 | 3,910 |

Numbers are cumulative

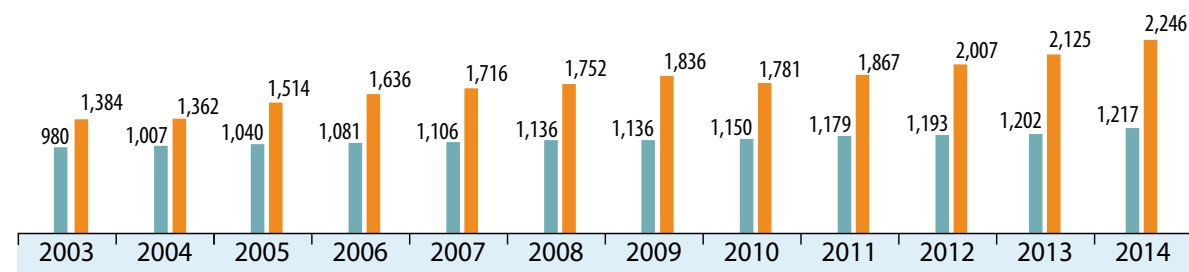
64% AT LEAST ONE MARKET RATE INCREASE

⁸ California Civil Code §1954.53.

RENT STABILIZED APARTMENTS IN WEST HOLLYWOOD BY NUMBER OF BEDROOMS 2014



1 BEDROOMS



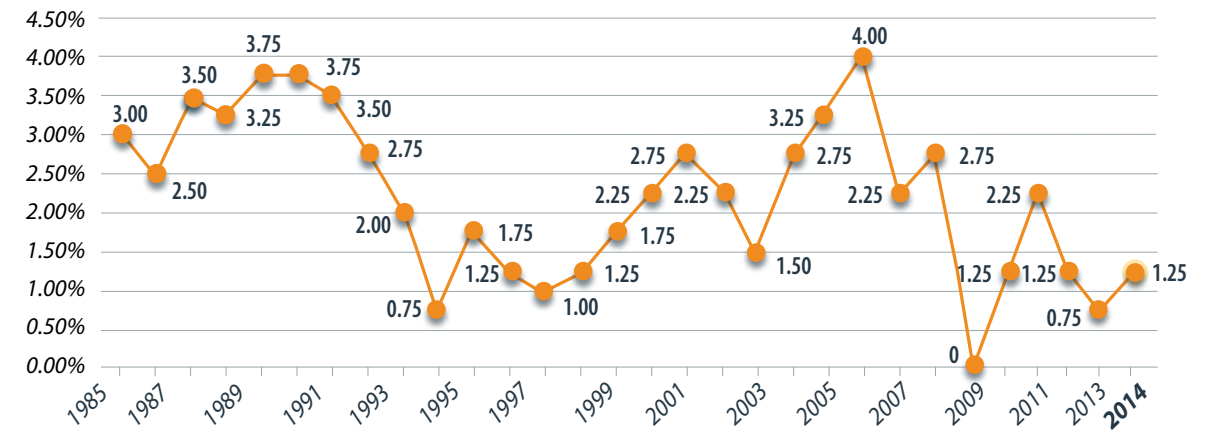
2 BEDROOMS

The above charts show the yearly average rents paid by long term, pre-1996 tenants who are still in their units. It compares these average rents to the average move-in rents paid by new tenants in rent stabilized buildings broken down by the number of bedrooms in the unit. The average rent amounts for pre-1996 tenants were determined by taking the December 31, 1995 MAR (Maximum Allowable Rent) and imputing all of the subsequent Annual General Adjustment through 2014.

The rent amounts for new tenancies were determined by averaging the rent levels listed by landlords on "Re-Registration of New Tenancies in a Unit" forms required for new tenancies.

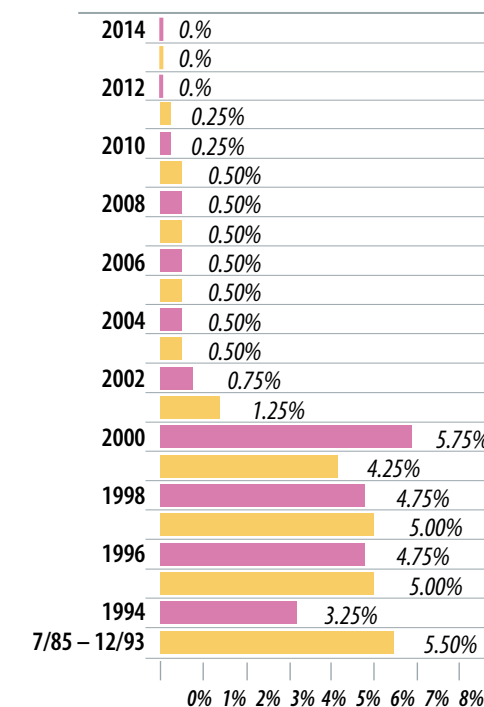
2014 ANNUAL GENERAL ADJUSTMENT

The Annual General Adjustment in rent is based on 75% of the increase in Consumer Price Index for the area. Each year the amount of the Adjustment is announced by the Rent Stabilization Commission before July 1st so landlords who are current with their registration fees can start giving 30-day advance increase notices by August 1st. The Adjustment covers the period from September 1st through August 31st of the following year.



2014 SECURITY DEPOSIT INTEREST

The City of West Hollywood's Rent Stabilization Ordinance requires that tenants be paid interest on their security deposits by January 31st of each year in an amount based on prevailing interest rates. The rate is determined by averaging the interest percentage paid by five local banks 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 the amount.



REMOVAL OF RENTAL UNITS FROM THE MARKET

Under California's Ellis Act,⁹ property owners have the right to remove apartment buildings from the rental market.

If a property is "Ellised", the State does not require the owner to report the reason for its removal. As a result, West Hollywood does not always know the landlord's intentions when a building is removed. From January 1, 1986 through December 31, 2014, 684 units in 161 buildings in West Hollywood were removed under the Ellis Act. Specifically in 2014, 58 units in 11 buildings were withdrawn from the market.

State law does not require a property owner to disclose

their business purpose in removing a property from the rental market and owners of Ellised properties may or may not be in the process of changing the property's use or gaining approval for a new development. Therefore, the Rent Stabilization and Housing and Code Compliance Divisions keep watch on vacant buildings to make certain the units are not illegally re-rented and that a health and safety nuisance does not occur.

Staff members assist landlords in the Ellis process to make certain they understand the legal timelines and relocation requirements. Staff members

assist in-place tenants to help them through the process and, especially in the cases of disabled, low-income, or senior households, to ensure that they have up to a full year to find new housing. Additionally, the City requires the property owner to pay tenants a relocation fee, and to cover the costs of providing tenants with relocation services. As directed by City Council, tenants being Ellised from their current building are considered a high priority for the City's low and moderate income housing program.

⁹ The Ellis Act is a state law that allows property owners to remove a building from the rental housing business. This means that jurisdictions cannot prohibit owners from removing rent stabilized units from the private market. In fact, landlords may file an Ellis Act eviction to change the use of the building rather than sell it.

LEGISLATIVE ADVOCACY TO REFORM THE ELLIS ACT

In 2014, the West Hollywood City Council adopted a resolution supporting AB 2405 (Ammiano, D-San Francisco). AB 2405 would give local jurisdictions more control in regulating the Ellis Act if removing rental units from the market would result in an overall decrease in the number of affordable rental units. The bill did not gain enough support to pass as introduced. However, it was subsequently amended to focus on protecting tenants' credit histories if they were evicted.

Senator Mark Leno (D-San Francisco) introduced SB 1439 into the 2014 legislative session and SB 364 into the 2015 legislative session. These bills would have applied specifically to the City and County of San Francisco, and would have established a five year waiting period after purchase before a new owner could use the Ellis Act to remove the rental property from the market. The intent of the bills was to limit land speculation in the San Francisco rental market. The City of West Hollywood sent letters to Senator Leno expressing support for SB 1439 and requested that the bill be expanded to apply to all of California. Even with the focus limited to San Francisco, the bills did not gain enough support to be approved, and both bills died in the legislative process.

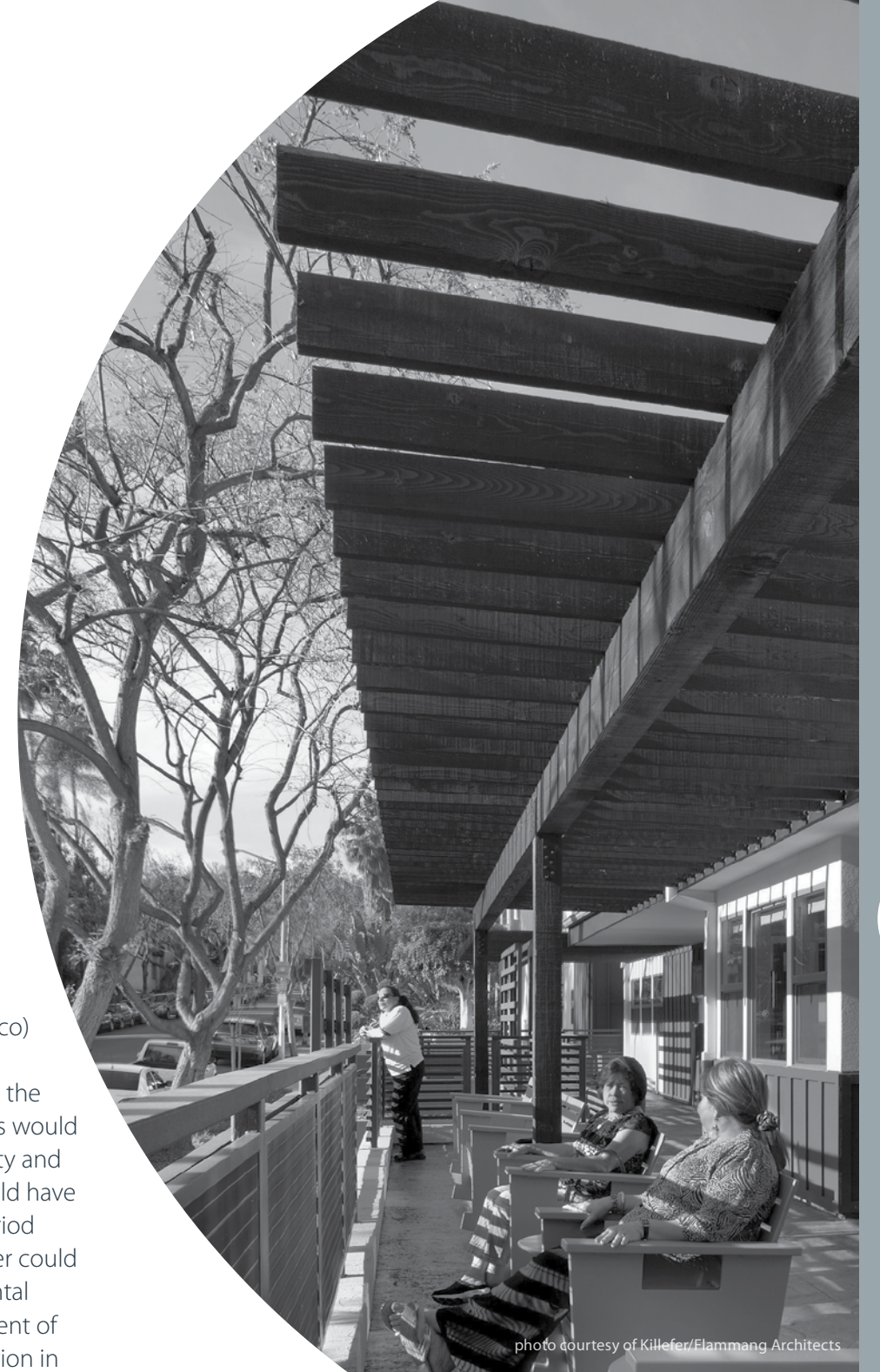


photo courtesy of Killefer/Flammang Architects

STAFF AND THE CITY'S LEGISLATIVE LOBBYIST WILL CONTINUE TO MONITOR AND SUPPORT LEGISLATION THAT WOULD ELIMINATE OR REFORM THE ELLIS ACT AS WELL AS OTHER LEGISLATION THAT WOULD INCREASE TENANT PROTECTIONS AND LIMIT LAND SPECULATION.

LOOKING AHEAD TO 2015

SINCE INCORPORATION THIRTY YEARS AGO, THE CITY OF WEST HOLLYWOOD HAS HAD A COMMITMENT TO PROTECT AND ENHANCE AFFORDABLE HOUSING OPPORTUNITIES WITH AN EMPHASIS ON RENT STABILIZATION LAWS. LOOKING AHEAD TO 2015, THE RENT STABILIZATION AND HOUSING DIVISION WILL CONTINUE TO ADMINISTER THE CITY ORDINANCES THROUGH COMMUNITY EDUCATION, POLICY ANALYSIS, AND IMPLEMENTATION OF ITS PROGRAM COMPONENTS.

SPECIFIC ACTIONS THE DIVISION WILL TAKE IN 2015 INCLUDE:

| | | |
|---|---|---|
| <ul style="list-style-type: none"> • Continue to educate tenants, landlords and all members of the public on the rent stabilization program | <ul style="list-style-type: none"> • Administer new curriculum for the Building Blocks Educational Series | <ul style="list-style-type: none"> • Help community members know where they are on the various affordable housing waitlists by centralizing all information with one managing company |
| <ul style="list-style-type: none"> • Develop an incentive-based program to encourage landlords interested to upgrade aging building systems, such as plumbing, electrical, roofing and other major systems | <ul style="list-style-type: none"> • Update the relocation fees • Partner with nonprofit developers on future affordable housing | |
| <ul style="list-style-type: none"> • Develop a household safety program to offer bathroom grab bars and other safety upgrades to senior and/or disabled low-income households | <ul style="list-style-type: none"> • Support legislative advocacy efforts to encourage lawmakers to revise the Ellis Act and other rent stabilization and housing acts, and to create a permanent source of funding for affordable housing | <p>Although the Los Angeles region and California as a whole will continue to face serious challenges in the availability of housing for very-low, low, and moderate income households. In 2015, the City of West Hollywood will remain committed to the development and preservation of affordably priced housing, and to supporting residents to continue to live and thrive in the community.</p> |
| <ul style="list-style-type: none"> • Develop a program to retrofit existing buildings for earthquake/seismic retrofits collaboratively with the Building and Safety and Planning Divisions | <ul style="list-style-type: none"> • Participate in the development of an Aging in Place Strategic Plan | |
| | <ul style="list-style-type: none"> • Provide the City Council with an update on the affordable housing waiting list demographics | |
| | | |

THE CITY OF WEST HOLLYWOOD

CITY COUNCIL

Mayor

Lindsey P. Horvath

Mayor Pro Tempore

Lauren Meister

Council Members

John D'Amico

John J. Duran

John Heilman

RENT STABILIZATION COMMISSION

Chair

Gail Sanes

Vice-Chair

Richard Maggio

David Gregoire

Stephanie Harker

Agassi Topchian

STAFF

City Manager

Paul Arevalo

Assistant City Manager

Sam C. Baxter

Human Services and

Rent Stabilization Director

Elizabeth Savage

Rent Stabilization and

Housing Manager

Peter Noonan

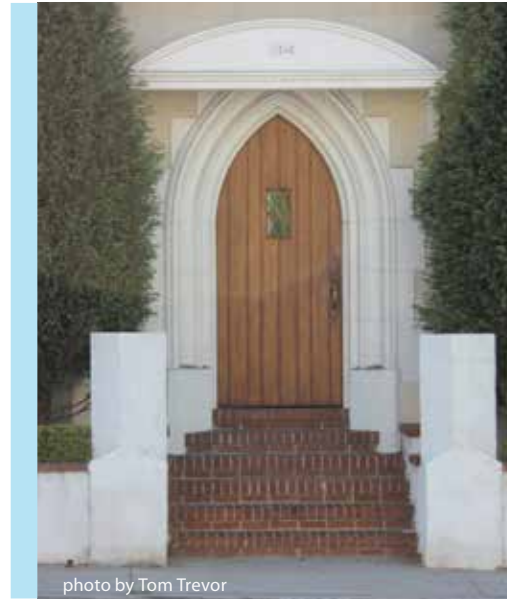


photo by Tom Trevor

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Tony Coelho

Tom Trevor

Photography (courtesy of)

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The LA Public Library's

Herald-Examiner Collection

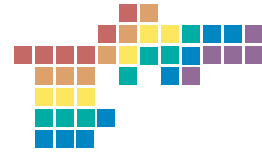
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Joanne Shannahoff



photo by Tony Coelho

CELEBRATING OUR 30TH ANNIVERSARY



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California 1984

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City of West Hollywood
Rent Stabilization and Housing
(323) 848-6450

HOURS
Monday to Thursday
8:00 am to 5:00 pm
Every Friday
8:00 am to 4:30 pm