Chapter 6
RENT STABILIZATION, PART II

4-6-0: DEFINITIONS:

A. Context: For the purposes of this chapter, the words and phrases shall be defined as set forth herein, unless the context clearly indicates a different meaning is intended.

B. Words Not Defined: Words and phrases used in this chapter which are not specifically defined shall be construed according to their context and the customary usage of the language.

C. Words Defined:

APARTMENT RENTAL AGREEMENT: An agreement, oral, written, or implied, between a landlord and tenant for the use or occupancy of an apartment unit and for housing services.

APARTMENT UNIT: Any dwelling unit in the City of Beverly Hills rented or offered for rent for human habitation, together with the land and accessory structures appurtenant thereto, and all housing services supplied in connection with the use or occupancy thereof, which is not exempted under section 4-6-1 of this chapter.

DISABLED PERSON: Any person who is receiving benefits from a Federal, State, or local government, or from a private entity on account of a permanent disability that prevents the person from engaging in regular, full time employment.

HOUSING SERVICES: All services connected with the use or occupancy of an apartment unit, including, but not limited to, repairs, replacement, maintenance, painting, light, heat, water, elevator service, laundry facilities and privileges, janitor service, refuse removal, furnishings, telephone, off street parking, and any other benefits, privileges, or facilities.

LANDLORD: An owner, lessor, sublessor, or any person, firm, corporation, partnership, or other entity entitled to receive rent for the use of any apartment unit or the agent, representative, or successor of any of the foregoing.

MINOR: Any person younger than eighteen (18) years of age.

RENT: The consideration, including any bonus, benefits, or gratuity demanded or received, for or in connection with the use or occupancy of an apartment unit, including, but not limited to, monies demanded or paid for parking, for furnishings, for housing services of any kind, or for subletting.

TENANT: A tenant, subtenant, lessee, sublessee, or any other person entitled to the use or occupancy of any apartment unit.

VACANCY: The departure from an apartment unit of all of the tenants. For purposes of this definition, the term "tenant" shall not include persons who took possession of an apartment unit as sublessees or assignees after January 1, 1999, if the rental agreement restricts or prohibits subletting or assignment, and the restriction has not been satisfied or the prohibition has not been waived.

VOLUNTARILY VACATED: The vacancy of an apartment unit by all of the tenants. "Voluntarily vacated" does not include a vacancy: 1) that is the result of a constructive eviction of the tenant, which was caused by the landlord; 2) when the previous tenancy was terminated by the landlord by notice pursuant to Civil Code section 1946; or 3) when the previous tenancy was terminated due to a change in the terms of the tenancy noticed pursuant to Civil Code section 827, except a change permitted by law in the amount of rent or fees. (Ord. 17-O-2729, eff. 5-5-2017)

4-6-1: APPLICATION:

The provisions of this chapter are applicable to all multiple residential dwellings consisting of two (2) or more units with the exception of those units that are subject to the existing rent stabilization provisions of chapter 5 of this title; those units excluded under subsections 4-5-102A through E of this title; and units in a building that has a certificate of occupancy issued after February 1, 1995. (Ord. 17-O-2729, eff. 5-5-2017)

4-6-2: BASE RENT:

Except as provided in sections 4-6-4 and 4-6-5 of this chapter, the maximum rent which an apartment owner may charge for any dwelling unit regulated by this chapter is the monthly rental charged for such unit on April 30, 1986, plus any rental increases permitted by section 4-6-3 of this chapter. (1962 Code § 12-1.02; amd. 1988 Code)

4-6-3: RENTAL INCREASES:

An increase in rental above the base rental specified in section 4-6-2 of this chapter is permissible for any dwelling unit regulated by this chapter, subject to each of the following limitations:

A. Only one increase shall be permissible within any twelve (12) month period; provided, further, that a twelve (12) month period shall have elapsed since the last increase.

B. Such increases shall not exceed the greater of: 1) three percent (3%) of the rental rate then in effect, or 2) the percentage equal to the percentage increase, if any, of the Consumer Price Index for the Los Angeles/Riverside/Orange County Area, as published by the United States Department of Labor, Bureau of Labor Statistics between May 1 of the then current year and May 1 of the immediately preceding year.

C. The tenant shall be given written notice of any such increase in accordance with the requirements of State law and the terms of any written lease or rental agreement applicable to the tenancy prior to the effective date of such increase.

D. A landlord who is not in substantial compliance with any of the provisions of section 4-6-10 of this chapter shall not demand, accept or retain the annual rent increase otherwise permitted by this section. (1962 Code § 12-1.03; amd. Ord. 04-O-2449, eff. 6-18-2004; Ord. 17-O-2725, eff. 1-24-

2017; Ord. 17-O-2728, eff. 2-21-2017; Ord. 17-O-2729, eff. 5-5-2017; Ord. 17-O-2745, eff. 1-19-2018)

4-6-4: WAIVER OF PROVISIONS OF THIS CHAPTER PROHIBITED:

A. Any provision of an apartment rental agreement or lease, or any other agreement between a landlord and a tenant, which waives any provision of this chapter relating to the maximum amount of rent to be paid for an apartment unit, shall be deemed to be against public policy and shall be void, unless expressly authorized by State law.

B. This amended section is applicable to any apartment rental agreement, lease, amendment or extension, that is subject to the provisions of this chapter and that is executed on or after December 29, 2000. This section, as it existed on December 29, 2000, shall continue to govern any apartment rental agreement, lease, amendment or extension, that is subject to the provisions of this chapter, and that was executed prior to December 29, 2000. (1962 Code § 12-1.04; amd. Ord. 01-O-2371, eff. 3-30-2001)

4-6-5: VACANCIES:

A. Any dwelling unit regulated by this chapter that is: 1) "voluntarily vacated" by all tenants of that unit, as defined in section 4-6-0 of this chapter, or 2) vacated because the tenants are evicted for the reasons specified under subsection 4-6-6A, B, C, D, F, or G of this chapter, may be subsequently rented at any amount mutually agreed upon by the landlord and the new tenant. The monthly amount agreed upon for the commencement of the tenancy shall be the base rental, and any subsequent rental increases shall be subject to the provisions of section 4-6-3 of this chapter.

B. At least twenty four (24) hours prior to the execution of a lease or rental agreement by a tenant, the landlord shall provide written notice to the prospective tenant, in the form and languages required by the City: 1) of the provisions of this chapter, including the amount of the annual rent increase that is allowed by this chapter; 2) of any parking restrictions in the area adjacent to the apartment building; 3) that at the termination of the lease agreement, unless the lease is extended or a new lease is entered into, a month to month tenancy will be created if the tenant holds over and the landlord accepts rent from the tenant; 4) that the month to month tenancy can be terminated at any time, if the landlord provides written notice to the tenant in accordance with the requirements of all applicable laws; 5) of the City's home occupation requirements; and 6) of State laws that establish certain rights and responsibilities of landlords and tenants. The landlord shall provide notice in a manner so that the prospective tenant receives the notice at least twenty four (24) hours prior to the execution of the lease or rental agreement. When the landlord provides the notice required by this subsection to the prospective tenant, the landlord shall have the prospective tenant acknowledge in writing that the tenant received the written notice, as required by this subsection. The landlord shall retain written documentation of compliance with this provision for the duration of the tenancy. There shall be a rebuttable presumption that the landlord did not provide the written notice to the tenant that is required by this section, if the landlord fails to produce said written documentation upon request.

C. In addition to any other remedy for a violation of this Code, if a landlord fails to provide the written notice required by subsection B of this section to the tenant, the landlord shall be subject to an administrative penalty pursuant to title 1, chapter 3, article 3 of this Code in the amount of five

hundred dollars ($500.00). The provisions of this subsection shall not be applicable to a lease or rental agreement that is entered into within six (6) months of the effective date hereof, or December 18, 2004. (1962 Code § 12-1.05; amd. Ord. 01-O-2371, eff. 3-30-2001; Ord. 04-O-2449, eff. 6-18-2004; Ord. 18-O-2766, eff. 12-21-2018)

4-6-6: EVICTIONS:

It is unlawful for a landlord to bring an action to recover the possession of an apartment unit except upon a ground specified in this section.

A. Failure To Pay Rent: A landlord may bring an action to recover the possession of an apartment unit if the tenant has failed to pay the rent to which the landlord is entitled or any surcharge which has been lawfully imposed.

B. Violations Of Obligations: A landlord may bring an action to recover the possession of an apartment unit if the tenant has violated an obligation or covenant of the tenancy, including, but not limited to, any obligation in a written apartment rental agreement, other than the obligation to render possession upon proper notice, and has failed to cure such violation after having received written notice thereof from the landlord.

C. Maintenance Of Nuisances: A landlord may bring an action to recover the possession of an apartment unit if the tenant is committing or permitting to exist a nuisance in, or is causing damage to, the apartment unit or to the appurtenances thereof, or to the common areas of the complex containing the apartment unit, or is creating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of the same or any adjacent building.

D. Illegal Uses:

1. A landlord may bring any action to recover the possession of an apartment unit if the tenant is using or permitting an apartment unit to be used for an illegal purpose.

2. For the purposes of this section, "illegal purpose" shall mean and include, but not be limited to, the occupancy of the apartment unit by a number of persons in excess of the following numbers:

Bachelor/single	3 persons
1 bedroom of 1,200 square feet or less	4 persons
1 bedroom in excess of 1,200 square feet	5 persons
2 bedrooms of 1,500 square feet or less	5 persons
2 bedrooms in excess of 1,500 square feet	6 persons
3 bedrooms of 2,100 square feet or less	7 persons
3 or more bedrooms in excess of 2,100 square feet	8 persons

E. Refusal To Execute Leases: A landlord may bring an action to recover the possession of an apartment unit following the expiration of a written apartment rental agreement, or any written renewal or extension thereof, if a tenant who had such an agreement has refused to execute a written renewal or extension thereof provided all of the following conditions are met:

1. The landlord made a written request or demand for such renewal or extension at least thirty (30) days prior to the date such agreement expired;

2. The proposed renewal or extension was for a term of the same duration as the agreement which expired; and

3. The proposed renewal or extension contained the same terms and conditions as the agreement which expired provided the rent level in such proposed renewal or extension has been determined in accordance with the requirements of section 4-6-3 of this chapter.

F. Refusal To Provide Access: A landlord may bring an action to recover the possession of an apartment unit if the tenant has refused the landlord reasonable access to the unit for the purpose of making repairs or improvements, or for the purpose of inspection as permitted or required by an apartment rental agreement or by law, or for the purpose of showing the apartment unit to any prospective purchaser or mortgagee.

G. Unapproved Subtenants: A landlord may bring an action to recover the possession of an apartment unit if the person in possession of the apartment unit at the end of the term of any apartment rental agreement is a subtenant who was not approved by the landlord. This section shall not be deemed to invalidate any provision in any written apartment rental agreement pertaining to the assignment or subleasing of an apartment unit.

H. Use By Landlords:

1. A landlord may recover the possession of an apartment unit if the landlord seeks in good faith to recover such possession for use and occupancy by the landlord or the landlord's spouse, children, or parents provided all of the following conditions are met:

a. The landlord has provided not less than ninety (90) days' written notice of tenancy termination to the tenant, which notice specifies the name and then current address of the proposed occupant, and has filed a copy of such notice with the City's rent stabilization program prior to serving such notice upon the tenant;

b. The tenant is paid a relocation fee in accordance with the provisions of section 4-6-9 of this chapter; and

c. At no time during the ninety (90) day notice period is there a vacant apartment unit in the building comparable to the one sought by the landlord; and

d. The unit to be recovered by the landlord is occupied by the most recent tenant(s) to occupy a unit comparable to the type of unit sought by the landlord or relative described in this subsection H1. Notwithstanding the foregoing, no senior citizen or handicapped tenant shall be evicted unless there is no other unit on the parcel of land comparable to the type of unit sought by the landlord or relative. If there are one or more comparable units in such case, the landlord shall recover the comparable unit occupied by the most recent tenant who is not a senior citizen or handicapped person. For the purposes of this section, "senior citizen" shall

mean a person sixty five (65) years of age or older. Whether a unit is comparable to the type of unit sought by the landlord or relative shall be determined by the City.

2. A landlord may recover the possession of only one apartment unit located on the same parcel of land for the purposes set forth in this section, regardless of the number of buildings on such parcel.

3. If the landlord or the landlord's relative, as defined in subsection H1 of this section, occupies an apartment unit obtained pursuant to the provisions of this section for at least one year, such apartment unit shall be deemed to be exempt from the provisions of this chapter; provided, however, if such apartment unit is subsequently re-rented to a person who is not the landlord or such relative of the landlord, such apartment unit shall again be subject to the provisions of this chapter.

4. For the purposes of this section only, "landlord" shall mean only such natural persons as have the largest ownership interest in the building or in the entity owning the building.

5. There shall be a rebuttable presumption that the landlord has not acted in good faith if the owner or relative for whom the tenant was evicted does not move into the apartment unit within thirty (30) days and occupy said unit for a minimum of twelve (12) continuous months thereafter. In situations when the apartment unit is being remodeled pursuant to a building permit issued by the City, the thirty (30) day period shall commence when the final inspection of the remodeling work is performed and approved by the City's Department of Building and Safety.

I. Change Of Building Managers: A landlord may bring an action to recover the possession of an apartment unit if the landlord seeks in good faith to recover the possession of an apartment unit then occupied by an apartment building manager whose employment as such has been, or is to be, terminated, and such possession is needed for the sole purpose of occupancy by a new manager.

J. Demolition Or Condominium Conversions: A landlord may bring an action to recover possession of an apartment unit if the landlord seeks in good faith to recover possession so as to demolish or move the building or to convert apartment units into condominiums, stock cooperatives, or community apartments provided there is compliance with all of the following conditions:

1. The landlord has given the tenant not less than ninety (90) days' written notice, which has been approved by the City's rent stabilization program, that such tenancy shall terminate on a date after October 18, 2018. The notice shall state the specific reason for giving such notice and shall be deemed to include a representation and agreement by the landlord that the recovery of possession of the apartment unit is solely for a reason within the scope of this section and for no other reason. If payment of the relocation fees required by section 4-6-9 of this chapter does not accompany such notice, such notice shall also specify the amount of the relocation fees so required and that the tenant may collect such fees at the time the tenant vacates the unit. Such notice shall not be required if:

   a. The demolition of the building has been mandated by law to be performed at an earlier date; or

   b. Such notice has been given to a tenant who has vacated the apartment unit, the apartment unit has been re-rented to a new tenant, and the new tenant has been advised by the landlord in writing that the notice of termination of tenancy had been given to the prior tenant. This exemption shall apply only if a copy of the written notice provided to such new tenant is filed

with the City's rent stabilization program within one week after such new tenant begins the occupancy of the apartment unit; or

c. A prior written notice which specified less than one year's notice has been given, and the tenant has been notified in writing, within thirty (30) days after October 18, 2018, that prior written notice shall be considered an effective one year notice under this section.

2. The notice required by subsection J1 of this section shall not be given or served until such time as the landlord has:

a. Filed all necessary applications for the proposed project or development including, but not limited to, application for a demolition permit, moving permit or tentative map and paid all of the fees required by the City in connection with such applications;

b. Notified the City's rent stabilization program that an application to convert apartment units to condominiums or to move or demolish the building has been filed with any other department of the City so that notice of such filing may be given to the tenants at the property; and

c. That all permits or approvals necessary to commence demolition, removal or conversion have been issued.

3. No notice of tenancy termination given pursuant to this section after October 18, 2018, shall be effective unless all the applicable provisions of this chapter have been complied with, and a copy of such notice has been placed on file with the City's rent stabilization program prior to such notice being served on the tenant. A minimum fee of one hundred dollars ($100.00) for each building for which notices of tenancy termination are to be filed with the City's rent stabilization program shall be paid to the City for processing the notices prior to the filing of a notice with the rent stabilization program. Where there are more than ten (10) apartment units in a building which are subject to this provision of this chapter, and for which notices of tenancy termination have been given, an additional fee of ten dollars ($10.00) shall be paid to the City for each unit in excess of ten (10) units for which a notice of tenancy termination is given.

4. A relocation fee shall have been paid or deposited into escrow in accordance with the provisions of section 4-6-9 of this chapter. If an apartment unit vacated pursuant to this section has been re-rented, the new tenant shall not be entitled to any relocation fee or other relocation benefit if he or she received the notices required by subsections J1b and J5 of this section.

5. Any apartment unit vacated pursuant to this section, if re-rented, shall remain subject to the provisions of this chapter, and it shall be the responsibility of the landlord to notify any new tenant in writing of the controlled rents and the duration of the notice of termination. A copy of such notice shall be filed with the rent stabilization program within one week after the new tenant begins occupancy of the apartment unit.

6. No writ or judgment restoring possession to the landlord shall be issued or entered unless and until the complaint for such writ or judgment filed by the landlord contains the landlord's declaration under penalty of perjury of the giving of notice to the tenant as required by this section, the expiration of any required notice period, the payment or deposit into escrow of the relocation fee specified in section 4-6-9 of this chapter, and that demolition or moving or the work of conversion into condominiums will commence within sixty (60) days after the filing of such complaint.

7. The provisions of this section shall not apply to a building manager who is entitled to the occupancy of an apartment unit solely because of his or her position as building manager.

K. Major Remodeling:

1. A landlord may bring an action to recover possession of an apartment unit if the landlord seeks in good faith to recover possession so as to do alteration work on the building for the purposes of major remodeling provided that there is compliance with all of the following conditions:

   a. The landlord has given the tenant not less than one year's written notice that such tenancy shall terminate. The notice shall state the specific reason for giving such notice and shall be deemed to include a representation and agreement by the landlord that the recovery of possession of the apartment unit is solely for a reason within the scope of this section and for no other reason. Such notice shall contain a statement of the rights of the tenants pursuant to this section and section 4-6-9 of this chapter and shall be approved by the City's rent stabilization program. Such notice shall not be required if:

      (1) Major remodeling of the building has been mandated by law to be performed at an earlier date; or

      (2) Such notice has been given to a tenant who has vacated the apartment unit, the apartment unit has been re-rented to a new tenant, and the new tenant has been advised by the landlord in writing that the notice of termination of tenancy had been given to the prior tenant. This exemption shall apply only if a copy of the written notice provided to such new tenant is filed with the City rent stabilization program within one week after such new tenant begins the occupancy of the apartment unit.

   b. The notice required by subsection K1a of this section shall not be given or served until such time as the landlord has received approval for the giving of such notice by the Hearing Officer. Such approval shall be given upon a showing by the landlord that written notice was received from the building official that the landlord has complied with all requirements, except for approval of final plans, for the issuance of a building permit for the purpose of major remodeling. The landlord shall file with the application for giving notice a copy of the final plans and specifications for the proposed remodeling. A Hearing Officer designated by the City Manager ("Hearing Officer") shall establish the estimated new rent for the remodeled unit which shall not exceed one hundred fifty percent (150%) of the previous base rent. The notice required by subsection K1a of this section shall include such estimated new rent.

   c. No notice of tenancy termination given pursuant to this section after October 18, 2018, shall be effective unless all the applicable provisions of this chapter have been complied with and a copy of such notice has been placed on file with the rent stabilization program prior to such notice being served on the tenant. A minimum fee of one hundred dollars ($100.00) for each building for which notices of tenancy termination are to be filed with the rent stabilization program shall be paid to the City for processing the notices prior to the filing of a notice with the rent stabilization program. Where there are more than ten (10) apartment units in a building which are subject to this provision of this chapter, and for which notices of tenancy termination have been given, an additional minimum fee of ten dollars ($10.00) shall be paid to the City for each unit in excess of ten (10) units for which a notice of tenancy termination is given.

   d. A relocation fee shall have been paid or deposited into escrow in accordance with the provisions of section 4-6-9 of this chapter. If an apartment unit vacated pursuant to this section has been re-rented the new tenant shall not be entitled to any relocation fee or other relocation benefit if he or she received the notices required by subsections K1a, and K1a(2) of this section.

2. Any apartment unit vacated pursuant to this section if re-rented after eviction but prior to remodeling, shall remain subject to the provisions of this chapter, and it shall be the

responsibility of the landlord to notify any new tenant in writing of the controlled rents and the duration of the notice of termination. A copy of such notice shall be filed with the rent stabilization program within one week after the new tenant begins occupancy of the apartment unit.

3. Any provision of this chapter notwithstanding, in lieu of receiving a relocation fee or being relocated to a comparable unit, a tenant, within sixty (60) days after the service of the one year notice of tenancy termination required by subsection K1 of this section, may elect to relocate to a comparable unit in the building to be remodeled. The comparability of the replacement unit shall be determined by the rent stabilization program. For the purposes of this subsection, "comparability" shall mean a unit with the same number of bedrooms as the unit vacated, and which is in a clean, functional, and secure state.

4. Should a tenant elect to be relocated to a comparable unit in the building to be remodeled, he or she shall serve written notice of such election on the landlord and file a copy thereof with the rent stabilization program. Such notice shall be served and filed within sixty (60) days after service of the one year notice of tenancy termination required by subsection K1 of this section. Upon the service and filing of the required notice of election within the time set forth herein, the notice of tenancy termination shall become null and void as to that tenant for the purposes of eviction. Upon the receipt of multiple notices required hereby, the landlord shall make an application to the Hearing Officer for a determination of the order of relocation. The Hearing Officer shall determine the order of relocation, taking into consideration the relative hardships relocation will place on the tenants electing to relocate hereunder.

5. Upon the approval of the order of relocation as provided for in subsection K4 of this section, or if only one notice of election is received by the landlord, the landlord shall serve upon the tenant(s) and shall file a copy thereof with the rent stabilization program notice of availability of the replacement unit. The tenant shall have thirty (30) days after the service and filing of the notice of availability to relocate to the replacement unit. The landlord shall pay the reasonable cost of such relocation. Any disagreement between the landlord and tenant regarding the reasonableness of the cost of relocation shall be submitted to the Hearing Officer for resolution. Should a tenant fail to relocate to the replacement unit within said thirty (30) days, the tenant shall vacate the unit within ninety (90) days after the date the notice of availability of the replacement unit was served and filed, and the landlord shall be relieved of the obligation of paying any further fees or costs provided for in this chapter.

6. Upon the completion of the remodeling, the landlord shall serve upon tenant(s) and shall file a copy thereof with the rent stabilization program notice of availability of the remodeled unit. The tenant shall have thirty (30) days after the service and filing of the notice of availability of the remodeled unit to relocate. The landlord shall pay the reasonable cost of such relocation. Any disagreement between the landlord and tenant regarding the reasonableness of the cost of relocation shall be submitted to the Hearing Officer for resolution. Should a tenant fail to relocate to the remodeled unit within said thirty (30) days, the tenant shall vacate the replacement unit within ninety (90) days after the date the notice of availability of the remodeled unit was served and filed, and the landlord shall be relieved of the obligation of paying any further fees or costs provided for in this chapter; provided, however, the landlord shall not be relieved of the obligation of paying fees or costs provided for in this chapter if the new base rent is in excess of the estimated base rent.

7. If an apartment unit has been vacated for major remodeling, upon the completion of such remodeling the new allowable base rent for the apartment unit shall not exceed an amount equal to the previous base rent increased by the actual amount expended on such remodeling, including such items as interest or the value of capital up to eighteen percent (18%) per annum, and any fees or costs required to be paid to or on behalf of tenants pursuant to the provisions of this chapter, amortized in accordance with the straight line depreciation schedules allowed under

the Federal Income Tax Law, but in no case less than five (5) years. The tenant evicted for the purpose of such remodeling shall have a right of first refusal to rent the remodeled apartment unit provided such right is exercised within thirty (30) days after the landlord notifies the tenant when the apartment unit will be ready to be rented. If such tenant re-rents the remodeled apartment unit, the landlord may increase the actual rent chargeable to such tenant at the time he or she actually occupies the unit to the new base rent allowed by this subsection or twenty percent (20%) above the estimated rent, whichever is less; provided, however, if a tenant elects to relocate as provided for in subsection K3 of this section, the new base rent shall not be applicable until one year after the notice of eviction required by subsection A of this section. The new base rent shall be established by the Hearing Officer within ninety (90) days after the tenant has reoccupied the unit or, if the tenant decides not to reoccupy the unit, within ninety (90) days after the unit is ready for occupancy, and the tenant has requested to be notified of the new base rent. The Hearing Officer shall be provided copies of documents by the landlord to be used to establish the new allowable base rent. If a tenant who was evicted pursuant to this section re-rents the remodeled apartment unit, such tenant shall return the relocation fee to the landlord, less actual direct moving expenses and the amount by which such tenant's rent during the period when the tenant was out of the apartment exceeded the tenant's rent prior to such move, but not more than one hundred fifty dollars ($150.00) per month.

8. No writ or judgment restoring possession to the landlord shall be issued or entered unless and until the complaint for such writ or judgment filed by the landlord contains the landlord's declaration under penalty of perjury of the giving of notice to the tenant as required by this section, the expiration of the one year notice period, the payment or deposit into escrow of the relocation fee specified in section 4-6-9 of this chapter, and that the major remodeling work will commence within sixty (60) days after the filing of such complaint.

9. The landlord shall file true copies of rental agreements for the re-rented apartment units after major remodeling has been completed with the rent stabilization program within one week after the new tenant begins occupancy of the apartment unit.

10. The City Manager or his designee shall issue guidelines for the implementation of the foregoing requirements, and all applicants for major remodeling pursuant to this section shall comply therewith.

11. The provisions of this section shall not apply to a building manager who is entitled to occupancy of an apartment unit solely because of his or her position as building manager.

12. For the purposes of this section, "major remodeling" shall mean the remodeling or reconstruction of more than one apartment unit subject to the provisions of this chapter in an existing building and a minimum amount per remodeled unit is expended on such work as follows:

Bachelor/single	$ 7,000.00
1 bedroom	10,000.00
2 bedrooms	15,000.00
3 or more bedrooms or 2 bedrooms and den	20,000.00

13. The landlord shall obtain the building permit to perform the major remodeling within ninety (90) days after the date when the affected unit becomes vacant. The major remodeling shall be completed within one year of the date of issuance of the building permit. However, the Building

and Safety Department may extend the one year completion period upon a showing by the landlord of good cause for the failure to complete the repairs within the one year period and diligent efforts to complete the work timely. If the major remodeling work is not completed within the time period established by this subsection, including any extensions thereof approved by the City, the landlord shall be liable in a civil action, if commenced within two (2) years of the displacement, to any tenant who is evicted from an apartment unit as a result of a notice issued pursuant to subsection K1a of this section for the actual damages that were the proximate result of the displacement.

L. Withdrawal Of Residential Rental Structure From The Rental Market: A landlord may bring an action to recover possession of an apartment unit if the landlord intends to withdraw all apartment units in a building or structure on a parcel of land from the rental market, subject to the following conditions and requirements:

1. This section shall only apply to and shall only be exercised for the concurrent withdrawal of all apartment units in all buildings or structures on a parcel of land from the rental market, except where there is more than one building on a parcel and all buildings contain four (4) or more apartment units, in which case the landlord may withdraw all of the units in one or more of the buildings.

2. Not less than one hundred twenty (120) days from the date the landlord intends to withdraw the apartment units in a building or structure from the rental market, the landlord shall:

a. Provide written notice under penalty of perjury to the City's rent stabilization program of such intent, which notice shall contain the following information: address and legal description of the subject property, number of rental units being removed, the names of all tenants residing in the units being removed, the year the tenant(s) moved into the unit, the base rent for the unit and the current lawful rent applicable to each such unit.

b. Record with the Los Angeles County Registrar-Recorder a written notice prepared by and containing such information as is prescribed by the City summarizing the landlord's notice of intent and certifying that evictions have been commenced or will commence in accordance with applicable law.

c. Provide to the City's rent stabilization program copies of the notice recorded with the County and the notice(s) which were provided to the affected tenants.

d. If the tenant or lessee is at least sixty two (62) years of age or is disabled, and has lived in his or her apartment unit for at least one year prior to the date of delivery to the City of the notice required by subsection L2a of this section, then the date of withdrawal of that apartment unit shall be extended to one year from the date of delivery of the notice to the City, provided that the tenant or lessee has given the landlord written notice of his or her entitlement to the extension within sixty (60) days of delivery to the public entity of the notice of intent to withdraw the apartment unit from the rental market. In this situation, the following provisions shall apply:

(1) The tenancy shall be continued on the same terms and conditions as existed on the date of delivery to the City of the notice of intent to withdraw, subject to any adjustments otherwise available under this title;

(2) No party shall be relieved of the duty to perform any obligation under the lease or rental agreement;

(3) The landlord may elect to extend the date of withdrawal on any other accommodation within the same building up to one year after the date of delivery to the City of the notice of intent to withdraw, subject to subsections L2d(1) and L2d(2) of this section;

(4) Within thirty (30) days of the notification by the tenant or lessee to the landlord of his or her entitlement to an extension, the landlord shall give written notice to the City's rent stabilization program of the claim that the tenant or lessee is entitled to stay in his or her apartment unit for one year after the date of delivery to the City of the notice of intent to withdraw;

(5) Within ninety (90) days of the date of delivery to the City of the notice of intent to withdraw, the landlord shall give written notice to the City's rent stabilization program and the affected tenant(s) or lessee(s) of the landlord's election to extend the date of withdrawal and the new date of withdrawal under subsection L2d(3) of this section.

3. The landlord shall provide written notice of termination of tenancy to all affected tenants at least thirty (30) days prior to the service of and recordation of the notices in subsection L2 of this section which has been approved by the City's rent stabilization program and filed therewith and which notice shall contain the following information:

a. That the landlord is evicting the tenant pursuant to this section and will provide the City with written notice required in subsection L2 of this section;

b. A summary of the specific information to be provided to the City in that notice regarding the tenant's unit;

c. That within thirty (30) days of receipt of notice to terminate, the tenant may notify the landlord in writing that the tenant would be interested in re-renting the unit if it is reoffered for rent at a future time and advising the tenant to notify the landlord and rent stabilization program of all future address changes;

d. A description of the tenant's rights as set forth in subsections L5, L6 and L7 of this section;

e. That the landlord will provide a relocation fee in accordance with the provisions of section 4-6-9 of this chapter and that such fee may not be waived by the tenant, except as specifically provided in subsection 4-6-9G of this chapter; and

f. That if the tenant or lessee is at least sixty two (62) years of age or is disabled, and has lived in his or her apartment unit for at least one year prior to the date of delivery to the City of the notice required by subsection L2a of this section, then the tenancy shall be extended to one year after the delivery of the notice to the City, provided that the tenant gives written notice of his or her entitlement to the extension to the landlord within sixty (60) days of the date of delivery to the City of the notice of intent to withdraw. The notice shall further state that if these circumstances exist, the extended tenancy shall be continued on the same terms and conditions that existed on the date of delivery of the notice of withdrawal to the City, subject to any rent increases that are allowed by this chapter, and that no party shall be relieved of the duty to perform any obligation under the lease or rental agreement during the extended tenancy.

4. At the time when the tenant(s) vacate the unit, the landlord shall pay a relocation fee in accordance with the provisions of section 4-6-9 of this chapter.

5. In the event the withdrawn units are reoffered for rent by the landlord within two (2) years from the effective date of withdrawal, the landlord shall:

a. Provide written notice of such action to the City's rent stabilization program not less than thirty (30) days prior to re-renting the units;

b. Offer the units at the same rent level as of the date of withdrawal plus any annual rent increases permitted by this chapter that would have applied had the units not been withdrawn;

c. Provide those tenants who provided a notice of interest in re-renting pursuant to subsection L3c of this section the right of first refusal to re-rent the unit by certified or registered mail, postage prepaid, to the last address provided by the tenant, in which case the tenant shall have no less than thirty (30) days within which to accept the offer, by personal service or certified or registered mail. Copies of these notices and the mail receipts shall be filed with the City's rent stabilization program within one week of mailing;

d. Be liable in a civil action if commenced within three (3) years of displacement to any tenant evicted due to withdrawal of a unit pursuant to this section for actual damages which were the proximate result of the displacement, in accordance with the principles enunciated in sections 7262 and 7264 of the California Government Code, and punitive damages;

e. Be liable in a civil action if commenced within three (3) years of displacement to the City for exemplary damages for displacement of tenants or lessees.

6. In the event the withdrawn units are reoffered for rent by the landlord within five (5) years after any notice of intent to withdraw the apartment unit is filed with the City, or within five (5) years after the effective date of the withdrawal of the apartment unit, whichever is later, the landlord shall provide not less than thirty (30) days' prior written notice of such action to the City's rent stabilization program prior to re-renting the units and shall offer the units at the same rent level as of the date of withdrawal, plus annual rent increases permitted by this chapter that would have applied had the units not been withdrawn.

7. Moreover, if the units are reoffered for rent within ten (10) years from the effective date of removal, the landlord shall provide those tenants who provided notice of interest in re-renting pursuant to subsection L3c of this section the right of first refusal to re-rent the unit, by certified or registered mail, postage prepaid, to the last address provided by the tenant, in which case the tenant shall have no less than thirty (30) days within which to accept the offer by personal service or certified or registered mail. Copies of these notices and the mail receipts shall be filed with the City's rent stabilization program within one week of mailing. Failure of the landlord to provide the tenant with this right of first refusal shall render the landlord liable in a civil action to the tenant in punitive damages in an amount not to exceed six (6) months' rent.

8. This section shall in no respect relieve a landlord from complying with the requirements of any applicable State law or of any lease or rental agreement.

9. The remedies provided for in this section shall not be exclusive and shall not preclude a tenant from pursuing any alternative remedy available under law. Failure by any landlord to comply with the requirements of this section shall constitute a defense in any unlawful detainer action brought to evict a tenant under this section.

10. For the purpose of this section, the term "landlord" shall be interpreted to include any and all successors in interest of any landlord, and the term "disabled" shall mean a person with a disability, as defined in section 12955.3 of the California Government Code.

11. The notice to the City provided for in this section shall be accompanied by a processing fee in an amount determined by resolution of the City Council.

12. This section is intended to implement the requirements of sections 7060 through 7060.7 of the California Government Code, and shall be interpreted so as to provide the City with the broadest range of authority permitted under these provisions and to intrude the least into the City's authority in all other applications of its power.

13. This section shall apply to any apartment units that are being removed from the rental market, if the notice of termination of tenancy required by State law or by a lease agreement has not been given at the time of adoption hereof or if such notice has been given, the notice period has not expired at the time of adoption hereof.

M. Disruptive Tenant:

1. A landlord may bring an action to recover possession of an apartment unit if: a) the tenant repeatedly or continually disturbs the peaceful and quiet enjoyment of one or more tenants who occupy other rental units in the apartment building where the tenant resides or b) antagonizes, intimidates or bullies one or more tenants who reside at that apartment building ("disruptive tenant") and the disruptive tenant does not cease the behavior when requested to do so by the other tenant(s) or by the property owner or manager of the premises.

2. The landlord or the landlord's representative may, at the sole option of the landlord, file an application with the City and request that a subcommittee of the City Council make a determination that a tenant is a disruptive tenant, as defined in subsection M1 of this section. If the subcommittee determines that the tenant is a disruptive tenant, then the landlord or the landlord's representative may serve the tenant with a written notice to terminate the tenancy in accordance with State law.

   a. The subcommittee of the City Council shall be composed of two (2) members of the City Council. Council members shall be appointed by the Mayor and serve on the subcommittee for a two (2) month term. At the end of the term the Mayor may reappoint one or both Council members or may appoint new Council members to the subcommittee.

   b. If a landlord or the landlord's representative files an application with the City's rent stabilization program for the subcommittee to make a determination whether a tenant is a disruptive tenant whose tenancy can be terminated with notice, the landlord first shall have given the disruptive tenant at least one written notice describing the disruptive conduct and requiring the tenant to discontinue the conduct. The landlord either shall deliver the notice to the tenant personally, send it by certified mail, or shall post it on the door of the tenant's unit. Prior to filing the application with the City's rent stabilization program, the landlord also shall have served the tenant with a copy of the application either by personally delivering the application to the tenant or by posting the application on the door of the tenant's unit. Proof of service of the application on the tenant shall be filed with the City concurrently with the application. The application shall be submitted either on a form supplied by the City or shall substantially comply with the requirements of the City's form.

   c. The application shall set forth the name, address and unit number of the tenant and shall describe specifically the tenant's conduct that the landlord contends is disruptive, the dates when the conduct described in the application occurred, and the dates when the landlord requested that the tenant cease the disruptive conduct, including the written notice described in subsection M2b of this section. The application also may include the names of any individuals who observed the tenant's conduct and may include written statements by the witnesses describing the conduct.

   d. The City shall schedule a hearing (but need not hold the hearing) within ten (10) days of the filing of a complete application with the City. If one or both members of the subcommittee

is/are not available to attend a hearing on an application filed pursuant to this section, the City rent stabilization program shall contact other members of the City Council to determine if another Council member is available to attend the hearing. The City rent stabilization program shall send written notice of the hearing to the landlord and the affected tenant by certified mail at least fifteen (15) days prior to the date of the hearing.

e. The subcommittee shall control the conduct of the hearing and rule on procedural requests. The hearing shall be conducted in the manner deemed by the subcommittee to be most suitable to secure the information and documentation that is necessary to render an informed decision, and to result in a fair decision without unnecessary delay.

(1) At the hearing, the parties may offer any documents, testimony, written declarations, or other evidence that is relevant to the application. Formal rules of evidence shall not be applicable to such proceedings.

(2) There shall be no oral communication outside the hearing between the members of the subcommittee and any party or witness, or the substance of such communication shall be disclosed at the beginning of the hearing. All discussion during the hearing shall be recorded.

(3) The hearing shall ordinarily proceed in the following manner, unless the subcommittee determines that some other order of proceedings would better facilitate the hearing:

(A) A brief presentation by or on behalf of landlord, including testimony by any other affected parties and witnesses in support of the application.

(B) A brief presentation by or on behalf of the tenant, including testimony by any other affected parties and witnesses in opposition to the application.

(C) A brief rebuttal by the landlord.

(4) The subcommittee shall establish equitable time limits for presentations at a hearing, with a minimum length of ten (10) minutes each for the landlord and the tenant, subject to adjustments for translation and reasonable accommodation.

(5) City staff shall maintain an official hearing record, which shall constitute the exclusive record of the decision.

(6) All parties to a hearing shall have the right to seek assistance in developing their positions, preparing their statements, and presenting evidence from an attorney, tenant organization representative, landlord association representative, translator, or any other person. If the representative will be speaking on behalf of the party at the hearing, the party shall so advise the subcommittee.

(7) To prevail on the application, the landlord must carry the burden of demonstrating that the tenant has been a disruptive tenant, as defined in subsection M1 of this section.

(8) Two (2) votes are required to approve an application. The vote shall be taken after the conclusion of the presentations by the landlord and the tenant and any deliberations by the members of the subcommittee. If two (2) votes are not cast in favor of approving the application, the application is deemed to be denied.

(9) Within five (5) business days after the hearing record is closed, the subcommittee shall reconvene and issue a written determination setting forth its decision approving or denying the application, with written findings in support thereof.

f. A written notice of the decision shall be mailed by the City to the applicant and the affected tenant within two (2) days of the issuance of the decision by the subcommittee. Such notice shall be accompanied by a copy of the hearing decision.

g. If the subcommittee determines that the tenant is a disruptive tenant, the landlord may serve the tenant with written notice provided in accordance with State law to terminate the tenancy. The landlord is not required to pay relocation fees to the tenant. When the disruptive tenant vacates the unit in response to the notice, the landlord may not increase the rent that will be charged for the unit above the amount that was being charged to the disruptive tenant, other than any adjustments otherwise available under this chapter.

h. Any final decision of the subcommittee is subject to judicial review pursuant to California Code of Civil Procedure section 1094.5 and must be filed in accordance with the time periods specified therein. (Ord. 18-O-2766, eff. 12-21-2018)

4-6-7: WATER SERVICE PENALTY SURCHARGE:

A. In addition to the rent otherwise permitted by this chapter, the landlord may pass through to the tenant of an apartment unit regulated by this chapter ninety percent (90%) of the cost of any water service penalties and/or surcharges imposed by the City pursuant to the water rate schedule established by resolution of the City Council provided that the landlord installs water conservation plumbing fixtures in such unit in accordance with the requirements of title 9, chapter 4, article 1 of this Code or voluntarily installs, at the landlord's expense, low flow toilets or such other water saving toilets approved by the Director of Public Works, showerhead restrictors and faucet aerators in such unit. If the landlord does not install such water conservation plumbing fixtures, the landlord shall be liable for and pay without any pass through to the tenant all penalties and/or surcharges imposed by the City on the landlord's apartment units.

B. In order to qualify for the pass through authorized by subsection A of this section, the landlord shall:

1. Notify all tenants, in a form required by the rent stabilization office, by registered or certified mail, of the provisions of this section and any other information required to be given by the Rent Stabilization Office; and

2. Provide all affected tenants with copies of the water bill for the applicable billing period and the basis for the calculation of the pass through. (Ord. 91-O-2118, eff. 5-24-1991)

4-6-8: REFUSE FEE SURCHARGE:

A. In addition to the rent otherwise permitted by this chapter, the landlord may pass through to the tenant of an apartment unit regulated by this chapter the cost of any refuse fee imposed by the City pursuant to a resolution or ordinance of the City Council.

B. In order to qualify for the pass through authorized by subsection A of this section, the landlord shall:

1. Provide written notice, by registered or certified mail, to all tenants thirty (30) days in advance of the imposition of the pass through, of the provisions of this section, that the pass through is not part of the base rent, that the refuse fee may be increased by the City, and any other information required to be given by the Rent Stabilization Office.

2. Provide all tenants with a copy of the landlord's utility bill which sets forth the appropriate refuse fee and the basis for the calculation of the pass through. (Ord. 91-O-2135, eff. 1-9-1992)

4-6-9: RELOCATION FEE:

A. When Fee Is Required: If a landlord brings an action to recover the possession of an apartment unit that is subject to the provisions of this chapter for any of the reasons set forth in subsection 4-6-6A, B, C, D, F, G or M of this chapter, the landlord is not required to pay a relocation fee to the tenant residing in the unit. However, if a landlord serves a notice of eviction on a tenant for any other reason, the landlord shall pay to such tenant a relocation fee in accordance with the provisions of this section. The relocation fee shall be due and payable to the tenant, regardless of whether the landlord actually utilizes the apartment unit for the purposes stated in the notice of eviction, unless the landlord notifies the tenant in writing of the withdrawal of the notice of eviction prior to such time as the tenant has given the landlord notice of his or her last date of occupancy, or has vacated the unit, if a notice of the last date of occupancy is not given by the tenant. The landlord also shall file a copy of the notice of eviction with the rent stabilization program within one week after serving the notice on the tenant.

B. Payment Upon Vacation: The relocation fee or pro rata share thereof shall be paid to any tenant who vacates the apartment unit at the time he or she vacates it. If the landlord cannot in good faith determine if the tenant is entitled to receive the relocation fee, it shall be deposited in escrow in accordance with subsection D of this section.

C. To Whom Paid: The entire fee shall be paid to a tenant who is the only tenant in an apartment unit. Where an apartment unit is occupied by two (2) or more tenants, payment may be prorated among the tenants, or payment may be made to one tenant, provided all the adult occupants of the apartment unit concur with the allocation or have signed a stipulation to judgment as described in subsection D of this section. In no event shall a landlord be liable to pay a total amount that exceeds the fee required by subsection E of this section.

D. Deposit Of Relocation Fee Into Escrow:

1. When the apartment unit has not been vacated, the relocation fee shall be deposited in escrow if the tenant has furnished the landlord with the tenant's notarized stipulation to judgment in favor of the landlord for the repossession of the apartment unit by the landlord within sixty (60) days after the payment of the relocation fee to such tenant. The fee shall be released from escrow to the tenant on the day the tenant vacates the apartment unit. Nothing in this subsection shall be deemed to require any tenant to vacate any apartment unit before the expiration of the full notice time to which such tenant is entitled. The sixty (60) day period referred to in this subsection D1 shall not apply to any eviction where the eviction notice was given by the landlord to the tenant on or before January 20, 2017.

2. If the landlord in good faith is unable to determine which persons are entitled to receive the relocation fee, the landlord shall deposit the relocation fee into escrow. The landlord shall give written notice of such deposit to each person, including the tenant and any occupant other than the tenant, who in the landlord's good faith judgment may be entitled to receive the relocation fee. Upon agreement by all persons so notified, the escrow holder may distribute the relocation fee in the manner agreed upon. If such parties cannot reach agreement within thirty (30) days after the date the notice of deposit is given, the division and distribution of the relocation fee shall be determined by the Hearing Officer following a hearing on the matter. No distribution from

an escrow may occur until the tenant who is to receive the relocation fee has signed a notarized stipulation to judgment pursuant to subsection D1 of this section if the tenant still occupies the apartment unit.

3. All the costs of an escrow opened pursuant to the provisions of this section shall be borne by the landlord.

E. Amount Of Relocation Fees: The amount of the relocation fee payable to a tenant entitled to such fee pursuant to the provisions of this section shall be determined as follows:

Apartment Size	Relocation Fee
Studio	$ 6,193.00
1 bedroom	9,148.00
2 or more bedrooms	12,394.00

Provided further, those households that include a senior, disabled person, or a minor shall be entitled to an additional relocation fee in the amount of two thousand dollars ($2,000.00).

Any tenant whose occupancy of the apartment unit began after the date when the required notice of termination was given shall not be entitled to any relocation fee.

Commencing July 1, 2018, and on July 1 of each year thereafter, the amounts of the relocation fees set forth above shall be increased annually by a percentage equal to the percentage increase, if any, of the Consumer Price Index for the Los Angeles/Riverside/Orange County area, as published by the United States Department of Labor, Bureau of Labor Statistics between May 1 of the then current year and May 1 of the immediately preceding year.

F. Relocation Of Tenant: In lieu of the relocation fee required by subsection E of this section, the landlord, at his or her option, may relocate the tenant into a comparable replacement apartment unit satisfactory to the tenant, in which event the landlord shall be liable only for the actual costs of relocating the tenant, up to the maximum as set forth in subsection E of this section per apartment unit. A tenant shall not unreasonably withhold the approval of a replacement apartment unit offered by the landlord. For the purposes of this paragraph only, comparability shall be determined from the following factors: size, price, location, proximity to medical and recreational facilities, parks, community centers, shops, transportation, schools, churches, and synagogues, amenities, and, if the tenant desires, the location of the apartment unit in the City.

G. Waiver Of Relocation Fee:

1. If a tenant who has received a thirty (30) day notice to vacate premises does not vacate the apartment unit within such time, and the landlord thereafter files a complaint for writ or judgment restoring possession, and the court orders such tenant to vacate the apartment unit, such tenant shall be deemed to have waived all rights to any relocation benefit to which he or she is otherwise entitled pursuant to this section and shall return to the landlord any relocation fee or other benefit so received, plus interest at the rate allowed by law.

2. After the required notice period has passed, if a tenant has signed a stipulation for judgment and received a relocation fee, whether directly or as the result of the distribution of a deposit, and does not vacate the apartment unit within sixty (60) days after such receipt, the tenant shall be deemed to have waived all rights to any relocation benefits to which he or she is otherwise entitled pursuant to this section, and the tenant shall be obligated to return to the landlord any relocation fee or other benefit so received, plus interest at the rate allowed by law. (Ord. 17-O-2729, eff. 5-5-2017; amd. Ord. 18-O-2766, eff. 12-21-2018)

4-6-10: REGISTRATION OF RENTAL UNITS:

A. Initial Registration: A landlord must register every rental unit that is subject to the provisions of this chapter within thirty (30) days of receipt of notice from the City that registration is required, unless the rental unit is specifically exempt under this chapter. Registration is complete only when all required information has been provided to the City and all outstanding fees and penalties have been paid.

B. After Terminated Exemption: When a rental unit that was exempt from this chapter becomes governed by this chapter for the first time, the landlord must register the unit with the City within thirty (30) days after the exemption ends.

C. Reregistration: When a rental unit is rerented after a vacancy, the landlord must reregister the unit with the City within thirty (30) days after the rerental.

D. Registration Amendment: A landlord must file a registration amendment with the City within thirty (30) days of a change in a rental unit's ownership or management, or a change in the owner's or manager's contact information. (Ord. 17-O-2729, eff. 5-5-2017)

4-6-11: RENT ADJUSTMENTS UPON APPLICATION:

A. Basis For Application: A landlord may file a rent adjustment application with the City for all rental units in the landlord's rental complex to achieve a just and reasonable return based on net operating income principles as set forth in subsection B of this section, or on any other ground authorized by this chapter or by regulations adopted by the city council.

1. Application: An application for a rent adjustment pursuant to this chapter shall be filed upon a form prescribed by the city and shall be accompanied by the payment of a fee as determined by resolution of the city council. If no fee has been established at the time of application, the applicant shall pay a fee within thirty (30) days of the date the fee is established. The applicant shall produce at the request of the hearing officer any records, receipts, reports or other documents in the applicant's possession, custody or control that the hearing officer may deem appropriate to make a determination whether a rent adjustment should be approved. The application shall be made under penalty of perjury and supporting documents shall be certified or verified as requested. Once the registration process is established by the city, no application from a landlord shall be accepted unless the building in which the unit is located is registered and any registration fees have been paid. If a landlord is seeking an adjustment pursuant to subsection B1g(2) of this section the application shall not be filed with or accepted by the city unless the landlord provides any and all documents and information on which the landlord relies to establish that the base date rent was disproportionately low.

2. Incomplete Applications: The city shall determine whether said application is complete within ten (10) business days of filing of the application by the landlord. If it is determined that an application is not complete, the applicant shall be notified in writing as to what additional information is required. In the event the applicant notifies the hearing officer that the requested information is unavailable, the hearing officer shall proceed with scheduling a hearing as though the application is complete. Notice that an application has been filed shall be sent to the landlord and all affected tenants by the hearing officer; said notice shall invite submittal of evidence from all concerned parties.

3. Hearing Date: The hearing officer shall hold a hearing on said application within sixty (60) days after the application is determined to be complete. Notice of the time, date, and place of the hearing shall be mailed to the applicant and the affected parties at least ten (10) business days prior to date of the hearing. The notice of the hearing also shall be delivered to the affected parties by posting the notice at the property at least ten (10) business days prior to date of the hearing. The notice to the affected parties shall include a brief summary of the stated justification for the rent increase application and shall state that all submitted documents and materials as well as any report prepared by the hearing officer or staff will be available for public review prior to the hearing.

4. Hearing Rules: At the hearing, the parties may offer any documents, testimony, written declarations, or other evidence that is relevant to the requested rent adjustment. Formal rules of evidence shall not be applicable to such proceedings.

5. Conduct Of Hearing: The hearing officer shall control the conduct of the hearing and rule on procedural requests. The hearing shall be conducted in the manner deemed by the hearing officer to be most suitable to secure that information and documentation that is necessary to render an informed decision, and to result in a fair decision without unnecessary delay.

6. Ex Parte Communications: There shall be no oral communication outside the hearing between the hearing officer and any party or witness. All discussion during the hearing shall be recorded. All written communication from the hearing officer to a party after the hearing has commenced shall be provided to all parties.

7. Order Of Proceedings: The hearing shall ordinarily proceed in the following manner, unless the hearing officer determines that some other order of proceedings would better facilitate the hearing:

   a. A brief presentation by or on behalf of landlord, if landlord desires to expand upon the information contained in or appended to the petition for rent adjustment, including presentations of any other affected parties and witnesses in support of the application.

   b. A brief presentation of the results of any investigations or staff reports by staff in relation to the petition.

   c. A brief presentation by or on behalf of opponents to the petition, including presentations of any other affected parties and witnesses in opposition to the application.

   d. Rebuttal by landlord.

   e. The hearing officer shall establish equitable time limits for presentations at a hearing, subject to adjustments for translation and reasonable accommodation.

   f. The hearing officer shall maintain an official hearing record, which shall constitute the exclusive record for decision.

8. Right Of Assistance: All parties to a hearing shall have the right to seek assistance in developing their positions, preparing their statements, and presenting evidence from an attorney, tenant organization representative, landlord association representative, translator, or any other person designated by said parties to a hearing.

9. Reopening Of Hearing: The hearing officer may reopen the hearing record when he or she believes that further evidence should be considered to resolve a material issue, when the hearing has been closed, and when a final decision has not been issued by the hearing officer. In such circumstances, the parties may waive a further hearing by agreeing in writing to allow additional exhibits into evidence.

10. Hearing Decision: Within thirty (30) days after the hearing is closed, the hearing officer shall issue a decision, with written findings in support thereof, approving, partially approving or disapproving a rent adjustment.

11. Notice Of Decision: A written notice of decision on a rent adjustment application shall be mailed to the applicant and all affected tenants within one day of the issuance of the decision by the hearing officer. Such notice shall be accompanied by a copy of the hearing decision.

12. Decision Subject To Review: Any final decision of the hearing officer is subject to judicial review pursuant to California Code Of Civil Procedure section 1094.5 and must be filed in accordance with the time periods specified therein.

B. Substantive Grounds For A Rent Increase Application: A rent adjustment shall be approved in order to provide a just and reasonable return and maintain net operating income in accordance with the following criteria:

1. Fair Net Operating Income: Fair return applications shall be considered according to the following guidelines:

a. Net Operating Income: Net operating income equals gross income minus operating expenses.

b. Gross Income: Gross income equals the following:

(1) Gross rents, computed on the basis of one hundred percent (100%) occupancy, using current rent levels, including the current year annual general adjustment. To the extent that the annual general rent adjustment was not fully implemented or received during the entire current year, it shall be annualized to reflect the total annual gross rents to which the property owner is already entitled, plus

(2) Interest from security and cleaning deposits (except to the extent that said interest is payable to the tenants), plus

(3) Income from services, garage and parking fees, plus

(4) All other income or consideration received or receivable for or in connection with the use or occupancy of rental units and housing services, minus

(5) Uncollected rents due to vacancy and bad debts, to the extent that the same are beyond the landlord's control. Uncollected rents in excess of five percent (5%) of gross rents shall be presumed to be unreasonable and shall not be deducted from gross rents unless it is established that they result from circumstances that are likely to continue to exist in future years.

c. Operating Expenses; Inclusions: Operating expenses shall include the following:

(1) Rent increase application filing fees (if the application is found to be meritorious);

(2) Annual registration fees to the extent that they cannot be passed through to tenants, pursuant to resolution of the city council;

(3) License fees, real property taxes, utility costs, insurance;

(4) Normal and reasonable repair and maintenance expenses for rental units and the building or complex of buildings of which the building is a part, including common areas, which shall include, but not be limited to, painting, normal cleaning, fumigation, landscaping, repair and replacement of all standard services, including electrical, plumbing, carpentry, furnished appliances, drapes, carpets and furniture. Owner performed labor shall be counted at reasonable rates established by the cost of obtaining similar services in and around the city, provided the applicant submits documentation showing the date, time, and nature of the work performed by the property owner;

(5) Allowable legal expenses, and management expenses (contracted or owner performed), including necessary and reasonable advertising, accounting, other managerial expense. Management expenses are presumed to be six percent (6%) of gross income, unless established otherwise. Management expenses in excess of eight percent (8%) of gross income are presumed to be unreasonable and shall not be allowed unless it is established that such expenses do not exceed those ordinarily charged by commercial management firms for similar residential properties;

(6) Attorney fees and costs incurred in connection with successful good faith attempts to recover rents owing and successful good faith unlawful detainer actions not in violation of applicable law, to the extent the same are not recovered from tenants;

(7) Building improvements, the cost of any improvement mandated by any government statute, rule or regulation enacted after January 1, 2017, major repairs, replacement and maintenance, except to the extent such costs are compensated by insurance proceeds, subject to the condition that said improvements shall be amortized in years according to the schedule below, provided that the hearing officer may use seven (7) years for unlisted items, or such other period of time as is determined by the hearing officer to be reasonable.

Improvement	Years
Air conditioner	10
Appliances, major (other than those specifically listed)	7
Cabinets	10
Dishwasher	7
Doors	10
Dryer	7
Drywall	10
Electric wiring	15
Elevator	20

Improvement	Years
Fencing	10
Fire alarm system	10
Fire escape	10
Flooring	7
Garbage disposal	7
Gates	10
Gutters	10
Heating	10
Insulation	10
Locks	7
Paving	10
Plumbing	10
Pumps	10
Refrigerator	10
Roofing	10
Security system	10
Stove	10
Washing machine	7
Water heater	7

(8) Reasonable expenses, fees and other costs for professional services reasonably incurred in the course of successfully pursuing or defending rights under or in relationship to this chapter.

d. Excluded From Operating Expenses: Operating expenses shall not include:

(1) Maintenance and repair work that resulted from the intentional deferral of other repairs or work, which deferral caused significant deterioration of housing services, the building or individual units (if the time since the work was performed significantly exceeds the amortization periods established in subsection B1c(7) of this section, it shall be presumed that it was intentionally deferred);

(2) Avoidable and unnecessary expense increases since the base year;

(3) Mortgage interest and principal payments; fees, other than fees expressly authorized by subsection B1c of this section;

(4) Penalties and interest awarded for violation of this or any other law; or legal fees, except as provided in this section;

(5) Depreciation;

(6) Any expenses for which the landlord has been reimbursed by any utility rebate or discount, security deposit, insurance settlement, judgment for damages, or settlement;

(7) Any expense that has been passed through lawfully to tenants pursuant to the provisions of this chapter.

e. Base Year: Base year for the purpose of this chapter shall be 2016. Landlords are required to keep all financial records for 2016, which may be necessary for making a net operating income determination. In the event that an owner for good cause cannot produce base year income and expense information, the hearing officer may use a different base period or estimate base year income and expenses.

f. Presumption Of Fair Base Year Net Operating Income: Except as provided in subsection B1g of this section, it shall be presumed that the net operating income produced by the property during the base year provided a fair return (fair net operating income). Landlords shall be entitled to earn a just and reasonable return and to maintain and increase their base year net operating income in accordance with subsection B1h of this section.

g. Rebutting The Presumption: It may be determined that the base year net operating income yielded other than a fair return, in which case, the base year net operating income may be adjusted accordingly. In order to make such a determination, the hearing officer must make at least one of the following findings:

(1) The landlord's operating and maintenance expenses in the base year were unusually high or low in comparison to other years. In such instances, adjustments may be made in calculating such expenses so that the base year operating expenses reflect average expenses for the property over a reasonable period of time. In considering whether the base year net operating income yielded more or less than a fair net operating income the hearing officer shall consider the following factors:

(A) The landlord made substantial capital improvements during the base year, which were not reflected in the base year rent levels;

(B) Substantial repairs were made due to damage caused by uninsured disaster or vandalism;

(C) Maintenance and repair were below accepted standards or resulted from the intentional deferral of other repairs or work, which deferral caused significant deterioration of housing services, the building or individual units. If the time since the deferred work was performed significantly exceeds the amortization periods established in subsection B1c(7) of this section, it shall be presumed that it was intentionally deferred;

(D) Other expenses were unreasonably high or low, notwithstanding prudent business practice.

(2) The rent in the base year was disproportionately low due to the fact that it was not established in an arms length transaction or other peculiar circumstances. To establish peculiar circumstances, the landlord must prove one or more of the following: there existed between the tenant and the owner a family or close friend relationship; the rent had not been increased for three (3) years prior to the base year; the tenant performed services for

the owner; there was low maintenance of the property by the owner in exchange for low rent increases or no rent increases; or any other special circumstances which affected the rent level outside of market factors.

h. Fair Net Operating Income: If the Hearing Officer adjusts the base year rents, then the Hearing Officer shall permit rent increases in the maximum allowable rent such that the landlord's net operating income shall be increased by one hundred percent (100%) of the percentage increase in the Consumer Price Index between the base year and the current year. Unless the Hearing Officer selects a base period other than the year 2016, the base year CPI shall be 240.007. For the purposes of this chapter, the current CPI shall be the CPI last reported as of the date of the application. A rent increase granted pursuant to this chapter shall not exceed the increase requested in the application.

C. Savings Clause: Nothing in this chapter shall be construed to prevent the grant of a rent adjustment upon application by a landlord when required to permit a just and reasonable return to the landlord. This paragraph is a savings clause which provides a basis for a Hearing Officer to receive relevant evidence demonstrating that a landlord is not receiving a just and reasonable return under the provisions of the net operating income formula, so that the application of the net operating formula may be modified to provide a just and reasonable return to the landlord. (Ord. 17-O-2729, eff. 5-5-2017)

4-6-12: REMEDIES:

A. Illegal Rent Or Withholding Of Relocation Fees:

1. It shall be unlawful for any landlord wilfully to demand, accept, receive, or retain any payment of rent in excess of the maximum lawful rent permitted for an apartment unit by this chapter.

2. It shall be unlawful for any landlord wilfully to fail to provide any tenant with any relocation benefit to which such tenant is entitled.

3. A tenant shall not pay otherwise allowable rent increases under section 4-6-3 of this chapter, if the landlord has failed to substantially comply with the registration requirements of section 4-6-10 of this chapter. The nonpayment of rent increases in good faith pursuant to this paragraph shall be a defense to any action brought to recover possession of a rental unit for nonpayment of rent.

B. Reduction Of Housing Services: It shall be unlawful for any landlord to reduce housing services with the intent, or for the purpose, of circumventing substantially the requirements and/or provisions or spirit of this chapter. A violation of this section shall be deemed an increase in rent to the extent of the monetary advantage achieved thereby for the landlord or to the extent necessary for the tenant to incur expenses to gain equivalent housing services by other means, whichever is greater. Any such violation shall accordingly be subject to the tenants' remedies prescribed in subsections C and D of this section.

C. Refusal To Comply With Illegal Requests:

1. A tenant may refuse to pay any increase in rent which is in violation of the provisions of this chapter, and such violation shall be a defense in any action brought to recover the possession of an apartment unit or to collect rent.

2. In addition to the remedies set forth in subsection C1 of this section, in any action brought to recover the possession of an apartment unit, the court may consider as grounds for denial of the request for possession any violation of any provision of this chapter. In addition, a court determination that the action was brought in retaliation for the exercise of any right conferred by this chapter shall also be grounds for denial of the request for possession.

D. Civil Remedies: Whenever it is necessary for any tenant to file a court action to recover the payment of rent which was in excess of the maximum lawful rent allowed by the provisions of this chapter, or to collect any relocation fee provided for in this chapter, or whenever it is necessary for the tenant to defend against any wrongful action filed in court against the tenant by the landlord to recover the possession of the tenant's apartment unit, the landlord shall be liable to the tenant for damages in the amount of five hundred dollars ($500.00) or not more than three (3) times the amount by which the payment or payments demanded, accepted, received, or retained exceed the lawful amount of rent or relocation fees due to the tenant, whichever is greater. The prevailing party in any such suit shall be entitled to reasonable attorney fees and costs as determined by the court.

E. Penalties: Any person violating any of the provisions, or failing to comply with any of the requirements, of this chapter shall be subject to the penalties and punishment of title 1, chapter 3 of this Code. (Ord. 17-O-2729, eff. 5-5-2017; amd. Ord. 17-O-2745, eff. 1-19-2018)