

REQUEST FOR PROPOSAL
RENT STABILIZATION PROGRAM COMPREHENSIVE FEE STUDY

Bid No. 18-45



CITY OF BEVERLY HILLS
Community Development Department
455 North Rexford Drive
Beverly Hills, CA 90210

May 21, 2018

Submittal Deadline: 2:00 P.M., May 29, 2018

Contact:
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1.0 INTRODUCTION

The City of Beverly Hills (or “City”) invites qualified consultants to respond to a Request for Proposals to conduct a comprehensive fee study to determine appropriate program fees in order to recover all program costs associated with services provided by the Rent Stabilization Program. The City’s Rent Stabilization Ordinance was amended in early part of 2017 which created a systematic framework requiring the implementation of a brand-new division to administer the existing and new provisions of the ordinance. Currently the division is staffed by hourly-temporary employees, its operating budget is funded through June 30, 2018.

2.0 PROJECT INFORMATION

As background, attached are the following documents:

Appendix B: Rent Stabilization Ordinance: Chapter 5 Rent Stabilization, Part I and Chapter 6 Rent Stabilization, Part II;

Appendix C: City of Beverly Hills Rent Stabilization Regulations; and

Appendix D: Staffing Plan and Program Costs to Implement the Amendments to the Rent Stabilization Ordinance.

3.0 SCOPE OF WORK

GENERAL EXPECTATIONS

The selected firm will be responsible for providing the following services to the City of Beverly Hills:

- A. Development of new program fees, rates and charges including:
 - a. Meet with City staff and conduct interviews as needed to gain an understanding of the City’s Rent Stabilization Program processes and operations.
 - b. Document the justification for the implementation of each fee and its rate.
 - c. Review similar fees and applicability in comparable municipalities and document the findings.
- B. Costs should include:
 - a. Appropriate general and administrative overhead allocations to Rent Stabilization Program activities.
 - b. Applicable overhead rates for use in calculating the City’s billable hourly rates.
 - c. Potential future efforts associated with verifying voluntary or required capital improvement projects.



- C. Report on other matters revealed during the course of your evaluation that the City should consider addressing.
- D. Present all draft findings to City's Management team for review and make presentation of final report and conclusions to City Council.
- E. Provide a completed draft report to be reviewed by City Management team prior to finalizing. The draft and final fee study report should include the following:
 - a. Justifications for the implementation of each new program fee and its applicable rate.
 - b. Recommendations regarding the implementation of fees based on the research and cost analysis performed by the consultant, the consultant's knowledge and expertise of municipal fees. Specifically, with a comparison of fees charged in other jurisdictions with similar Rent Stabilization programs and services.
 - c. Best practices for establishing new fees and a model or methodology to allow the City the ability to calculate the estimated costs of providing any new services under consideration.

4.0 SPECIFICATIONS FOR SUBMITTAL

The content and sequence of the information contained in each copy of the proposal shall be separated into sections as follows:

- A. Summary Sheet. This section of the proposal must include a fully completed copy of the Summary Sheet (Appendix A) included with this RFP.
- B. Table of Contents. Include a clear identification of the material by section and by page number.
- C. Letter of Transmittal.
 - a. Limit to one or two pages.
 - b. Briefly state the proposers understanding of the work to be done and commitment to perform the work.
 - c. State why you believe you are the best qualified consultant to perform the services requested.
 - d. State that your firm has reviewed all the general requirements of the RFP and can fully comply with those requirements.
- D. Consultant Information
 - a. Name and address of your firm and the individual/corporate officer authorized to execute this agreement;
 - b. A brief description of your firm's history, ownership, organizational structure, location of its management, and licenses to do business in the State of California.
 - c. The names, experience, qualifications and applicable licenses held by the individuals primarily responsible for servicing the City and any other person(s), whether as employees or subcontractors, with specialized skills that would be assigned to service the City.
 - d. A listing of local government clients with which you have similar contracts.
 - e. A statement to assurance to the effect that your firm is not currently in violation of any regulatory rules and regulations that may have any impact on your firm's operations.



- E. Recent Project Experience. Provide information on three recent, similar projects specifying the following information:
 - a. Name, location, year of completion
 - b. Name of Project Manager and key Staff
 - c. Brief description of the project, specifically the approach and techniques used.
 - d. Name, address, phone number of client with name of contact person.
- F. Project Approach/Scope of Services. Describe in detail your proposal to fulfill the requirements of the scope of services. Describe the Firm's approach and methodology to:
 - a. Conducting the Fee Study and Analysis
 - b. Interacting and conducting meetings with City staff.
 - c. Additionally, provide your firm's proposed timeline for completing the scope of work.
- G. Pending Litigation. Include an explanation and status, if in the last five years, the firm or an officer or principal of the firm has been involved in any litigation, legal proceedings, or investigations by a regulatory authority.
- H. Fee Schedule. Please submit a schedule showing hourly billing rates for all members of the team.
- I. Proof of Insurance. Please submit evidence of insurance coverages.

Please submit three (3) hard copies of the proposal and one electronic PDF version of the proposal on a flash drive to the following address:

Submit Proposals to:

CITY OF BEVERLY HILLS
CITY CLERK
455 N. Rexford Drive, Room 290
Beverly Hills, CA 90210

Submit Questions to:

Evelin Welch, Management Analyst
ewelch@beverlyhills.org

Tentative Proposal Evaluation Schedule

The City has established the following target dates for evaluation and scheduling purposes. The following dates are tentative, non-binding, and are subject to change without prior notice.

RFP Release	May 21, 2018
Deadline for Proposers to Submit Questions.....	May 24, 2018
Anticipated Deadline for City to Respond to Questions.....	May 25, 2018
Proposals due and received by.....	May 29, 2018
Staff makes recommendation to award.....	Week of June 4, 2018

LATE OR INCOMPLETE SUBMITTALS WILL NOT BE ACCEPTED.

5.0 EVALUATION CRITERIA

The City will evaluate the proposals with the intent of selecting the most qualified consultant. Evaluation Criteria include, but are not limited to, the following:

- A. Completeness and thoroughness of the proposal;
- B. Demonstrated understanding and ability to complete the scope of work;
- C. Background and experience of the project team, including individual team members assigned to various tasks;
- D. Proven track record for completing similar projects on time and within budget with other government agencies, and
- E. Pricing

The most qualified proposer may be selected to be interviewed by City representatives. The City reserves the right to interview as many or few proposers as it deems appropriate. The City also reserves the right to make its selection without conducting interviews.

6.0 GENERAL TERMS AND CONDITIONS

The City of Beverly Hills shall not, in any event, be liable for any pre-contractual expenses incurred by the proposer. Pre-contractual expenses are defined as expenses incurred by the proposer in:

- 1. Preparing the response to this Request for Proposal.
- 2. Submitting the proposal to the City.
- 3. Negotiating with the City in any matter related to this proposal.
- 4. Any other expenses incurred by proposer prior to the date of the executed agreement.

The City of Beverly Hills reserves the right to reject any and all proposals. Further, the City makes no representations that any agreement will be awarded to any proposer responding to this RFP.

6.1 Contract between Consultant and City

The City will prepare a contract for implementation between the Consultant and the City. See **Appendix E** for a sample of the City's professional services contract. Please indicate in your proposal any exceptions taken to the requirements of the agreement.

6.2 Late Proposals It is the Consultant's sole responsibility to ensure that proposals are received at the City Clerk's office prior to the scheduled closing time specified in this RFP. Proposals will not be accepted after the deadline.

6.3 Withdrawal of Proposals

Proposals may be withdrawn if written notification of withdrawal of the proposal is signed by an authorized representative of the proposer and received at the City office prior to the closing time for receipt of proposals. Proposals cannot be changed or withdrawn after the time designated for receipt.

6.4 Rejection of Proposals

The City reserves the right to reject any and all proposals received in response to this RFP and to waive any informality in any proposal if it is determined to be in the best interest of the City to do so.

6.5 Proposal Validity Period

Submission of a proposal will signify the proposer's agreement that the proposal, and contents thereof, are valid for ninety (90) days following the submission of the proposal and shall become part of the agreement that is negotiated with the Consultant.

6.6 Extra Work or Materials

The City shall have the right to make alterations, eliminations and additions in the scope of work. Exercise of such right shall in no way void the agreement. The value of such extra work shall be agreed upon by the City and the Consultant in writing in accordance with the agreement.

6.7 News Releases

News releases pertaining to the award of any contract resulting from this RFP shall not be made without prior approval of the City. The City's name shall not appear on customer lists, advertising or other materials used to promote the Consultant's services without prior written approval of the City.

6.8 CLOSING

The City reserves the right to accept or reject any and all proposals, waive any defects or irregularity, modify the proposal terms or the selection process or negotiate a contract, along with a revised Scope of Work, schedule and fees with the Consultant. The City reserves the right to eliminate or add tasks identified in the Scope of Work with a corresponding reduction or increase in the fee. Staff shall present its recommendation to the City Council and is subject to its approval.

APPENDIX A
SUMMARY SHEET

Firm Name: _____

Address: _____

Telephone: _____

Number of years in existence: _____

Management person responsible for direct contact with the City and services required for this Request for Proposal (RFP):

Name: _____ Title: _____

Telephone: _____ Email: _____

Person responsible for day-to-day servicing of the project:

Name: _____ Title: _____

Telephone: _____ Email: _____

Location (address) of closest office to the City of Beverly Hills

Proposal Amount including reimbursables: \$_____

APPENDIX B

Rent Stabilization Ordinance:
Chapter 5 Rent Stabilization, Part I; and
Chapter 6 Rent Stabilization, Part II

Chapter 5

RENT STABILIZATION, PART I

Article 1. Application

4-5-101: APPLICATION:

The provisions of this chapter shall apply to all dwelling units in the city designed for rental use or actually rented at any time on or after May 31, 1978, except as set forth in this article. (1962 Code § 11-1.01; amd. 1988 Code)

4-5-102: EXEMPTIONS:

Notwithstanding the provisions of section 4-5-101 of this chapter, the following dwelling units shall not be subject to any provision of this chapter:

- A. Single-family residences;
- B. Housing accommodations in hotels, motels, inns, and rooming houses which are rented primarily to transient guests for a period of thirty (30) consecutive days or less, except that this chapter shall apply to any unit which has been occupied by the same tenant for more than thirty (30) consecutive days;
- C. Condominiums existing as of March 27, 1979, and condominiums created thereafter by apartment unit conversion or redevelopment (including the demolition of an old building and the construction of a new one), provided the provisions of sections 4-5-511 and 4-5-513 of this chapter have been complied with;
- D. Dwelling units in nonprofit cooperatives owned and controlled by a majority of the residents;
- E. Dwelling units which a government unit, agency, or authority owns, operates, or manages or which are specifically exempted from municipal rent regulation by state or federal law or administrative regulation;

- F. Dwelling units located in a structure completed after September 20, 1978, other than those described in subsection C of this section;
- G. Dwelling units for which validly existing apartment rental agreements provide for rents in excess of six hundred dollars (\$600.00) per month; provided however, this subsection exemption shall not be applicable to any dwelling unit that was at any time subject to the provisions of this chapter or any prior law of the city relating to rent stabilization, and the amount of rent validly imposed exceeds six hundred dollars (\$600.00) per month only because of rental increases validly imposed pursuant to the provisions of articles 3 and 4 of this chapter or any similar prior law of the city;
- H. Dwelling units that are not occupied by the tenant as the tenant's primary residence. (1962 Code § 11-1.02; amd. Ord. 89-O-2068, eff. 8-8-1989; Ord. 01-O-2371, eff. 3-30-2001; Ord. 17-O-2728, eff. 2-21-2017; Ord. 17-O-2729, eff. 5-5-2017)

4-5-103: 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 for the benefit of a tenant, including, without limitation, any provision relating to the 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 § 11-1.03; amd. Ord. 01-O-2371, eff. 3-30-2001)

4-5-104: CIVIL CODE OBLIGATIONS:

Nothing in this chapter is intended, nor shall it be deemed, to affect or relate to obligations of the landlord and tenant pursuant to sections 1941 and 1942, relating to tenantability of residential rental premises, of the Civil Code of the state. (1962 Code § 11-1.04)

Article 2. Definitions

4-5-201: SCOPE:

- A. 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 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. (1962 Code § 11-2.01)

4-5-202: WORDS DEFINED:

APARTMENT RENTAL AGREEMENT: An agreement, verbal, 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 4-5-102 of this chapter.

BUILDING MANAGER: A person who has been retained by a landlord as the landlord's agent or employee for the purpose of directing, controlling, or performing activities relating to a multiple-family residential building and who is entitled to monetary compensation or a reduction in the rent for an apartment unit in such building equal to at least fifty percent (50%) of the fair market rental value of such unit as all or a part of his or her compensation for such work or a person who has been retained by a landlord as a caretaker to comply with chapter 4, article 3 of this title. "Building manager" shall include any other person who occupies an apartment unit with the person who was retained as the agent or employee.

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.

PRIMARY RESIDENCE: Any unit that is occupied by a tenant for at least nine (9) months out of every calendar year.

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 or the transfer of a lease for such a unit,

including, but not limited to, monies demanded or paid for parking, for furnishings, for housing services of any kind, or for subletting.

SENIOR: Any person sixty two (62) years of age or older.

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: a) that is the result of a constructive eviction of the tenant, which was caused by the landlord; b) when the previous tenancy was terminated by the landlord by notice pursuant to Civil Code section 1946; or c) 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. (1962 Code §§ 11-2.02, 11-2.03, 11-2.04, 11-2.05, 11-2.06, 11-2.07, 11-2.08, 11-2.09; amd. Ord. 89-O-2068, eff. 8-8-1989; 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)

Article 3. Rent Levels

4-5-301: EXCESS RENTS UNLAWFUL:

It shall be unlawful for a landlord to charge, demand, extract, accept, receive, or retain any rent in excess of the maximum amount which may be validly charged as computed in accordance with the provisions of this article and [article 4 of this chapter](#). (1962 Code § 11-3.01)

4-5-302: BASE RENT:

A landlord may charge for an apartment unit a "base rent" equal to that validly charged on May 31, 1978, or on any later date when the tenancy by a tenant begins of an apartment unit which has been voluntarily vacated. Such base rent may be recomputed annually after a full year has elapsed from May 31, 1978, the date of the commencement of the tenancy, or the date of the last recomputation, whichever is later, so as to increase it in accordance with the provisions of this chapter. (1962 Code § 11-3.02; amd. 1988 Code)

4-5-303: ANNUAL INCREASES:

- A. For annual increases effective on any date between May 31, 1979, and May 30, 1980, inclusive, no such increase shall exceed an amount computed in accordance with the latest published figure reflecting the increase for a twelve (12) month period in the Urban All Items Consumer Price Index (CPI) for Los Angeles (or any successor equivalent), as published by the United States Department of Labor, Bureau of Labor Statistics. The proper method for computing such an increase in the CPI shall be as follows: The latest published CPI figure shall be added along with such figures for the preceding eleven (11) individual months, and, from the sum reached, there shall be deducted the sum of such figures for the twelve (12) months further preceding the last such twelve (12) months. That remainder shall then be divided by the lower of the two (2) sums heretofore mentioned, and the resulting figure shall indicate the permissible maximum percentage by which the base rent may be increased by virtue of the rise in the CPI.
- B. For annual increases effective on any date between May 31, 1980, and December 14, 1981, inclusive, no such increase shall exceed a maximum of eight percent (8%).
- C. For annual increases effective on or after December 15, 1981, no such increase shall exceed eight percent (8%) or the CPI as of the date of the notice of increase, computed pursuant to subsection A of this section, whichever is less.
- D. Any security deposit lawfully imposed by the landlord on a tenant may be increased by the same percentage as the base rent may be increased, in accordance with the provisions of this section, at such time as the base rent is recomputed.
- E. A landlord who is not in substantial compliance with any of the provisions of section 4-5-801 of this chapter shall not demand, accept or retain the annual rent increase otherwise permitted by this section. (1962 Code § 11-3.03; amd. 1988 Code; Ord. 17-O-2745, eff. 1-19-2018)

4-5-304: CAPITAL EXPENDITURE SURCHARGE:

- A. At the time of the recomputation of the base rent, the landlord may further add to the apartment unit rent a surcharge for capital expenditures for which the landlord incurred expense after the date of the last preceding rent increase in accordance with the following criteria:
1. If the capital expenditures benefited the entire building, they shall be prorated among all the tenants' rents on a square footage basis of the apartment units but annualized in accordance with the straight line depreciation schedules allowed under the Federal Income Tax laws.
 2. If the capital expenditures inure solely to the benefit of one or more of the apartment units but to less than all, the surcharge shall be so annualized but shall be applied and/or prorated only with respect to the one or more units actually so benefited.
 3. No capital expenditure surcharge shall be allowed which exceeds four percent (4%) of the amount of the base rent level which validly existed prior to the latest allowable recomputation of

the rent. For the purposes of such computation, the base rent level for any time period shall not include any capital expenditure surcharge but may include amounts expended for major remodeling permitted pursuant to this chapter.

4. Except where capital expenditures are required by law, any capital expenditure to the interior of any apartment unit shall only be performed with the written consent of the tenant, or the landlord shall not be entitled to add a surcharge for such expenditure. The tenant shall not unreasonably withhold such consent.
5. Upon a request by a tenant, the landlord shall provide such tenant with copies of documents utilized by the landlord in determining the amount of the capital expenditure surcharge to be paid by such tenant, and such surcharge shall be abated until such time as the landlord deposits in the mail such documentation addressed to the tenant with adequate postage.

- B. No landlord shall be entitled to any rental increase based upon any capital expenditure, the computation or representation of which has been arrived at collusively between the landlord and a contractor or other person.
- C. For the purposes of this section, "capital expenditure" shall mean a permanent improvement or renovation, being an allowable capital expenditure for internal revenue service purposes, and other than ordinary repairs or maintenance, the use of which will continue for at least five (5) years after the date of the completion of such capital expenditure. Painting or texturing the exterior of a building shall also be a capital expenditure for the purposes of this section. (1962 Code § 11-3.04)

4-5-305: EXPENDITURES MANDATED BY LAW:

In addition to any capital expenditure surcharge permitted by section 4-5-304 of this article, the landlord may pass through to the tenant of an apartment unit the cost of any improvement mandated by any government statute, rule, or regulation enacted after March 24, 1981, including interest or the value of capital up to eighteen percent (18%) per annum, allocated among all the dwelling units of the building in proportion to their size, determined in square feet, and annualized in accordance with the straight line depreciation schedules allowed under the federal income tax laws. (1962 Code § 11-3.05; amd. 1988 Code)

4-5-306: UTILITY EXPENSE SURCHARGE:

- A. When the base rent of an apartment unit includes one or more of the basic and essential utility services (for example, electricity, gas, or water, but not including such services as telephone or television cable service), at the time of the recomputation of the base rent the landlord may further add to such apartment unit rent a surcharge for the increased cost of any such utility service provided in accordance with the following criteria:

1. For recomputations done after March 1, 1980, but before February 28, 1981, such surcharge shall be computed by comparing the cost of each such utility incurred in the year March 1, 1979, to February 29, 1980, with the cost of such utility in the year March 1, 1980, to February 28, 1981. Any amount of the latter which is more than eight percent (8%) above the former may be passed through to the tenant, prorated among all the units whose base rent includes such utility service on a square footage basis, and payable one-twelfth ($\frac{1}{12}$) per month.
 2. For recomputations done after February 28, 1981, such surcharge shall be computed by comparing the utility costs for the year beginning March 1, and ending on the last day of February just ended, with those costs for the year preceding that year. If the utility costs have increased by a percentage which is greater than the annual rent increase percentage which was last allowed by section 4-5-303 of this article, any amount of such utility costs which is in excess of that amount which would have been arrived at had the utility costs increased only by the same percentage as the annual rental increase may be passed through to the tenants in accordance with the provisions of subsection A1 of this section.
- B. Any notice of surcharge imposed pursuant to this section shall include an explanation of how such surcharge was calculated, including the base utility cost, the increased cost, and the proration calculation. Upon a request of the tenant, the actual utility billing shall be shown to the tenant, and the increase shall be abated pending such showing. (1962 Code § 11-3.06; amd. 1988 Code)

4-5-307: SURCHARGE FOR ADDITIONAL TENANTS:

If an apartment rental agreement specifies the maximum number of occupants in an apartment unit but does not contain any provision stating a specific dollar amount for an additional tenant occupying such apartment unit after the inception of the agreement, the landlord may exercise his or her rights under state laws or may raise the rent on such apartment unit a maximum of ten percent (10%) of the base rent for each additional tenant. If such additional tenant subsequently vacates the apartment unit, the rent shall be reduced by the amount that was imposed pursuant to the provisions of this section. This section shall apply only when there is a partial change in the occupancy of an apartment unit and one or more of the occupants of the apartment unit, pursuant to the rental agreement, still remains in lawful possession of the apartment unit. (1962 Code § 11-3.07; amd. Ord. 04-O-2449, eff. 6-18-2004)

4-5-308: 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 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)

4-5-309: 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 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)

4-5-310: APARTMENT UNITS SUBJECT TO LEASES:

A. If an apartment unit has been subject to a written apartment rental agreement for a time period longer than one year, and such agreement expires, and the annual rent increases during the period of the agreement have not at least equaled the total annual increases which would have been allowed pursuant to section 4-5-303 of this article, then, upon the expiration of such agreement, the landlord, at his or her option, may adjust the base rent of the apartment unit upward to a level not exceeding that which could have been imposed during the period of the agreement but for the existence of the agreement; provided, however, such period shall not be greater than three (3) years. Notice of the landlord's election to exercise such option shall be given to the tenant not less than thirty (30) days prior to the expiration of such agreement.

- B. If an apartment unit has been subject to a written apartment rental agreement for a time period longer than one year, and the landlord has made capital expenditures during the term of the agreement, then, upon the expiration of such agreement, the landlord, at his or her option, may add to the rent for such apartment unit a capital expenditure surcharge in an amount which could have been imposed pursuant to the provisions of section 4-5-304 of this article but for the existence of such agreement for capital expenditures incurred by the landlord during the period of the agreement; provided, however, such period shall not be greater than three (3) years. Notice of the landlord's election to exercise such option shall be given to the tenant not less than thirty (30) days prior to the expiration of such agreement.
- C. If an apartment unit has been subject to a written apartment rental agreement for a time period longer than one year, and the rent of such apartment unit included one or more of the basic and essential utility services, as defined in section 4-5-306 of this article, then, upon the expiration of such agreement, the landlord, at his option, may add to the rent for such apartment unit a surcharge for utility expense calculated pursuant to the provisions of said section 4-5-306 of this article by comparing the utility billings available for the year immediately prior to the expiration of such agreement, such year to end with the month which contains the latest utility billings available at the time of the computation, with the next year immediately preceding such year. If the utility costs have increased by a percentage which is greater than the percentage of increase provided in the lease for the year just ended compared to the year immediately preceding, any amount of such utility costs which is in excess of that amount which would have been arrived at had the utility costs increased only by the same percentage as the annual rental increase may be passed through to the tenant, prorated among all the units whose base rent includes such utility service on a square footage basis, and payable one-twelfth ($\frac{1}{12}$) per month. Notice of the landlord's election to exercise such option shall be given to the tenant not less than thirty (30) days prior to the expiration of such agreement. (1962 Code § 11-3.09; amd. Ord. 91-O-2118, eff. 5-24-1991; Ord. 91-O-2135, eff. 1-9-1992)

4-5-311: NOTICES:

- A. A landlord shall not be authorized to place into effect any apartment unit rent increase unless the landlord has given to the tenant(s) involved advance written notice of the proposed rent increase in accordance with the requirements of state law. The notice shall state the basis justifying the rent increase and shall advise the tenant that records and documentation verifying the increase will be made available for inspection by the tenant or the tenant's representative upon request.
- B. Any rent increase notice which specifies a future rent level higher than that permitted by the provisions of this chapter shall not be deemed void by reason of that fact alone, but shall be effective as a notice of rent increase to the permissible level, and the tenant may refuse to pay that portion of the increase which is in excess of the permissible level.
- C. No rent increase otherwise allowable under the provisions of this chapter shall be imposed unless the landlord has conspicuously posted and maintained in the lobby, hallway, or other similarly public location in the apartment building the name, address, and telephone number of either the

owner of the building, or the owner's authorized agent, and has provided each tenant with a written statement of such information so that tenants can communicate readily with such owner or agent. (1962 Code § 11-3.09; amd. Ord. 91-O-2118, eff. 5-24-1991; Ord. 91-O-2135, eff. 1-9-1992; Ord. 04-O-2449, eff. 6-18-2004)

4-5-312: RERENTING AFTER VOLUNTARY VACANCIES:

- A. Whenever an apartment unit is voluntarily vacated by all the tenants occupying such apartment unit, the provisions of this chapter shall be of no force or effect with respect to the rerental of the apartment unit; provided, however, such unit shall again become subject to the provisions of this chapter upon rerental unless such unit is exempted by section 4-5-102 of this chapter. So long as such unit continues to be rented to one or more of those persons who rented such unit when it was subject to the provisions of this chapter or any prior law of the city relating to rent stabilization, such rent shall not exceed that allowable under the provisions of this chapter, nor shall the level of housing services be reduced.
- B. Notwithstanding any provision of subsection A of this section to the contrary, if an apartment unit has been vacated following a notice of eviction for the purpose of demolishing or moving the apartment building, converting the apartment unit to condominium use, or remodeling the apartment unit, and the apartment unit is subsequently rerented, such apartment unit shall be subject to the provisions of this chapter until such time as such subsequent tenant has occupied the apartment unit for at least one year. If such subsequent tenant voluntarily vacates the apartment unit after the one year period, the provisions of subsection A of this section shall apply. (1962 Code § 11-3.10; amd. Ord. 91-O-2118, eff. 5-24-1991; Ord. 91-O-2135, eff. 1-9-1992)

4-5-313: BASE RENT AFTER THE CESSATION OF EMPLOYMENT AS BUILDING MANAGER:

If a building manager ceases to perform services as a building manager and, with the agreement of the landlord, remains in the apartment unit he or she occupied while a building manager, the landlord, at his or her option, may adjust the base rent of the apartment unit upward to a level not exceeding that which could have been imposed during the period when such tenant was acting as building manager but for the fact of such tenant's status as building manager. The landlord may also impose any capital expenditure surcharge and utility expense surcharge in amounts equal to those which have been validly imposed upon an apartment building which were not imposed on such tenant because of such tenant's status as building manager. (1962 Code § 11-3.11; amd. Ord. 91-O-2118, eff. 5-24-1991; Ord. 91-O-2135, eff. 1-9-1992)

4-5-314: ROUNDING OFF:

Any base rent and any rental increase permitted by any provision of this chapter may be rounded off by increasing the amount to the nearest whole dollar if it is fifty cents (\$0.50) or more or by decreasing the amount to the nearest whole dollar if it is forty nine cents (\$0.49) or less. (1962 Code § 11-3.12; amd. Ord. 91-O-2118, eff. 5-24-1991; Ord. 91-O-2135, eff. 1-9-1992)

Article 4. Functions And Duties Of The Hearing Officer Designated By The City Manager With Respect To Certain Rent Adjustment Issues

4-5-401: DUTIES OF THE HEARING OFFICERS DESIGNATED BY THE CITY MANAGER:

- A. A hearing officer designated by the city manager ("hearing officer") shall have the power and authority to receive applications from landlords for special increases above those permitted by article 3 of this chapter based on hardship. To hear such matters (subject to the applicable rules and requirements of due process), and to render binding decisions in such matters, subject to the rights of appeal by aggrieved parties who have direct interests in particular decisions pursuant to the procedures prescribed by [title 1, chapter 4](#) of this code. The hearing officer may grant any such application when the hearing officer determines that such relief is necessary in order to:
1. Implement the purposes of this chapter and to protect the public health and welfare, with particular reference to protecting the occupants of apartment units from unreasonable rent increases, while at the same time recognizing the landlord's need to have the rent be sufficient to cover maintenance and the costs of operation of the building, and encouraging capital improvements; or
 2. Prevent the strict application of this chapter from imposing an undue economic hardship upon a landlord in a particular case of special circumstances; or
 3. Prevent the provisions of this chapter from operating in an unreasonable or illegal manner in the particular circumstances of an applicant.
- B. The hearing officer shall also have jurisdiction to hear and decide the following matters:
1. Should a dispute or disagreement arise from or concerning the status of any tenant as a building manager, the tenant or the landlord may apply to the hearing officer for the resolution of the dispute or disagreement, and the hearing officer shall have jurisdiction to decide the question. Any ruling of the hearing officer thereon shall be final insofar as administrative processes are concerned.
 2. Should a dispute or disagreement arise concerning the validity or amount of any capital expenditure surcharge collected or proposed to be charged by the landlord pursuant to section 4-5-304 or 4-5-308 of this chapter, the tenant or the landlord may apply to the hearing officer for the resolution of the dispute or disagreement, and the hearing officer shall have jurisdiction to

decide the question. Any ruling of the hearing officer thereon shall be final insofar as administrative processes are concerned. If the amount of the capital expenditure appears to be excessive, the hearing officer shall reduce the surcharge to a reasonable amount.

3. Should a dispute arise concerning the validity and/or amount of any utility surcharge collected or proposed to be charged by a landlord pursuant to section 4-5-306 or 4-5-308 of this chapter, the tenant or the landlord may apply to the hearing officer for the resolution of the dispute, and the hearing officer shall have jurisdiction to decide the question. Any ruling of the hearing officer thereon shall be final insofar as administrative processes are concerned.
4. If a tenant refuses to consent to a proposal by a landlord to make capital expenditures to the interior of such tenant's apartment unit, and the landlord believes such refusal is unreasonable, the landlord may apply to the hearing officer for permission to add a capital expenditure surcharge for such work, regardless of the tenant's refusal, and the hearing officer shall have jurisdiction to decide the issue. Any ruling of the hearing officer thereon shall be final insofar as administrative processes are concerned.
5. If a landlord, tenant, and/or other claimant has been unable to agree to the distribution of a relocation fee deposited into escrow pursuant to section 4-5-604 of this chapter, and more than thirty (30) days from the date the notice of deposit was given has passed, the division and distribution of the relocation fee shall be determined by the hearing officer following a hearing on the matter. The landlord and each person who received notice of the deposit shall be notified of the time and place of such hearing not less than ten (10) days prior to such hearing. The hearing officer's decision in such matter shall be final, subject to an appeal to the council pursuant to the procedures set forth in [title 1, chapter 4](#) of this code.

C. Any decision of the hearing officer referred to in subsections B1, B2, B3 and B4 of this section, which cannot be appealed to the city council, may be reconsidered by the hearing officer if the decision was based on incorrect information or erroneous data provided to the hearing officer at the hearing on the matter. In order for the hearing officer to reconsider a decision pursuant to this subsection C:

1. A written request for reconsideration must be filed with the department of building and safety within one year after the date of adoption of the hearing officer's resolution regarding the particular case; and
2. After reviewing the reconsideration request, the city's file concerning the matter, and any other relevant information, the department of building and safety concurs that the hearing officer's decision was based on incorrect information or erroneous data and recommends that the hearing officer modify his or her prior decision. Only that portion of the hearing officer's decision which was based upon the incorrect information or erroneous data may be reconsidered by the hearing officer pursuant to this subsection.

D. Any decision of the hearing officer referred to in subsections B1, B2, B3 and B4 of this section, which cannot be appealed to the city council or reconsidered by the hearing officer pursuant to subsection C of this section, is a final decision that 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. (1962 Code § 11-4.02; amd. Ord. 94-O-2200, eff. 7-8-1994; Ord. 98-O-2299, eff. 6-5-1998; Ord. 04-O-2449, eff. 6-18-2004)

4-5-402: ADJUSTMENTS FOR TAX INCREASES:

- A. If a landlord seeks a special hardship rent increase because of an increase in the amount of property taxes assessed against an apartment building, a hearing officer designated by the city manager ("hearing officer") may grant such an increase in accordance with the criteria set forth in subsection 4-5-401A1 of this article and the following criteria:
1. A determination will be made of each apartment unit's share of the increased property tax by comparing the square footage of the apartment unit to all dwelling units in the building.
 2. A maximum of five percent (5%) of the base rent of an apartment unit may be added to the rent of such apartment unit, divided into twelve (12) equal monthly payments per year. In determining the amount of increase to impose under this section, the hearing officer shall consider the apartment unit's share of the increased property tax and the rent levels of all dwelling units in the building.
- B. The hearing officer shall determine the period of time when any special hardship rent increase granted pursuant to subsection A of this section shall be valid; provided, however, such period shall not exceed three (3) years. At the end of such time, a landlord may apply to the hearing officer for a continuation of the increase. The hearing officer may grant such continuation if it meets the criteria set forth in subsection A of this section.
- C. Notwithstanding the provisions of subsection B of this section, if any ownership interest in an apartment building is transferred, any special hardship rent increase granted pursuant to this section shall become null and void as of the date of such transfer. A new owner may apply for a special hardship rent increase pursuant to the provisions of this article.
- D. Any decision of the hearing officer referred to in subsection A of this section is a final decision that 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. (1962 Code § 11-4.03; amd. Ord. 98-O-2299, eff. 6-5-1998; Ord. 04-O-2449, eff. 6-18-2004)

4-5-403: FEES:

The council shall establish by ordinance or resolution the charges and fees to be paid by any applicant to defray the expenses of the city in processing any application made pursuant to any provision of this chapter. (1962 Code § 11-4.04; amd. Ord. 98-O-2299, eff. 6-5-1998)

Article 5. Evictions

4-5-501: 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 article. (1962 Code § 11-5.01)

4-5-502: 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. (1962 Code § 11-5.02; amd. Ord. 91-O-2135, eff. 1-9-1992)

4-5-503: 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. (1962 Code § 11-5.03)

4-5-504: 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. (1962 Code § 11-5.04)

4-5-505: ILLEGAL USES:

A. 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.

B. 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

(1962 Code § 11-5.05)

4-5-506: 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:

- A. 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;
- B. The proposed renewal or extension was for a term of the same duration as the agreement which expired; and
- C. 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 article 3 of this chapter. (1962 Code § 11-5.06)

4-5-507: 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. (1962 Code § 11-5.07)

4-5-508: 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. (1962 Code § 11-5.08)

4-5-509: USE BY LANDLORDS:

- A. 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:
1. 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 clerk prior to serving such notice upon the tenant;
 2. The tenant is paid a relocation fee in accordance with the provisions of article 6 of this chapter; and
 3. 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
 4. 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 subsection A of this section. 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.
- B. 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.
- C. If the landlord or the landlord's relative, as defined in subsection A 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 rerented to a person who is not the landlord or such relative of the landlord for a rental amount less than that set forth in subsection 4-5-102G of this chapter, such apartment unit shall again be subject to the provisions of this chapter.

- D. 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.
- E. 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. (1962 Code § 11-5.09; amd. Ord. 04-O-2449, eff. 6-18-2004)

4-5-510: 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. (1962 Code § 11-5.10)

4-5-511: 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:

- A. The landlord has given the tenant not less than ninety (90) days' written notice, which has been approved by the city's rent stabilization office, that such tenancy shall terminate on a date after April 1, 1979. 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 article 6 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:
1. The demolition 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 rerented 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 clerk within one week after such new tenant begins the occupancy of the apartment unit; or

3. 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 August 21, 1979, that the prior written notice shall be considered an effective one year notice under this section.
- B. The notice required by subsection A of this section shall not be given or served until such time as the landlord has:
1. 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;
 2. Notified the city's rent stabilization department 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
 3. That all permits or approvals necessary to commence demolition, removal or conversion have been issued.
- C. No notice of tenancy termination given pursuant to this section after February 24, 1981, 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 clerk 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 clerk shall be paid to the city for processing the notices prior to the filing of a notice with the city clerk. 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.
- D. A relocation fee shall have been paid or deposited into escrow in accordance with the provisions of article 6 of this chapter. If an apartment unit vacated pursuant to this section has been rerented, 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 A2 and E of this section.
- E. Any apartment unit vacated pursuant to this section, if rerented, 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 city clerk within one week after the new tenant begins occupancy of the apartment unit.
- F. 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 article 6 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.

- G. 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. (1962 Code § 11-5.11; amd. Ord. 89-O-2068, eff. 8-8-1989)

4-5-512: MAJOR REMODELING:

- A. 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:
1. 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 article 6 of this chapter and shall be approved by the city. Such notice shall not be required if:
 - a. Major remodeling 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 rerented 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 clerk within one week after such new tenant begins the occupancy of the apartment unit.
 2. The notice required by subsection A1 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. The 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 A1 of this section shall include such estimated new rent.
 3. No notice of tenancy termination given pursuant to this section after February 11, 1986, 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 clerk 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 clerk shall be paid to the city for processing the notices prior to the filing of a notice with the city clerk. 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.

4. A relocation fee shall have been paid or deposited into escrow in accordance with the provisions of article 6 of this chapter. If an apartment unit vacated pursuant to this section has been rerented 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 A1a, A1b and A2 of this section.
- B. Any apartment unit vacated pursuant to this section if rerented 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 city clerk within one week after the new tenant begins occupancy of the apartment unit.
- C. 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 A 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 city. 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.
- D. 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 city clerk. Such notice shall be served and filed within sixty (60) days after service of the one year notice of tenancy termination required by subsection A 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.
- E. Upon the approval of the order of relocation as provided for in subsection D 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 city clerk 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.

- F. Upon the completion of the remodeling, the landlord shall serve upon tenant(s) and shall file a copy thereof with the city clerk 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.
- G. 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 rerents 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 C 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 rerents 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.
- H. 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 article 6 of this chapter, and that the major remodeling work will commence within sixty (60) days after the filing of such complaint.
- I. The landlord shall file true copies of rental agreements for the rerented apartment units after major remodeling has been completed with the city clerk within one week after the new tenant begins occupancy of the apartment unit.

- J. 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.
- K. 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.
- L. 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

- M. 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 A1 of this section for the actual damages that were the proximate result of the displacement. (1962 Code § 11-5.12; amd. Ord. 98-O-2299, eff. 6-5-1998; Ord. 04-O-2449, eff. 6-18-2004)

4-5-513: 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:

- A. 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.

- B. 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:
1. Provide written notice under penalty of perjury to the city 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.
 2. 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.
 3. Provide to the city's rent stabilization office copies of the notice recorded with the county and the notice(s) which were provided to the affected tenants.
 4. 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 B1 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:
 - a. 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;
 - b. No party shall be relieved of the duty to perform any obligation under the lease or rental agreement;
 - c. 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 B4a and B4b of this section;
 - d. 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 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;
 - e. 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 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 B4c of this section.
- C. 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 B of this section which has been approved by the city's rent stabilization office and filed with the city clerk's office and which notice shall contain the following information:

1. That the landlord is evicting the tenant pursuant to this section and will provide the city with written notice required in subsection B of this section;
 2. A summary of the specific information to be provided to the city in that notice regarding the tenant's unit;
 3. 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 rerenting the unit if it is reoffered for rent at a future time and advising the tenant to notify the landlord and rent stabilization office of all future address changes;
 4. A description of the tenant's rights as set forth in subsections E, F and G of this section;
 5. That the landlord will provide a relocation fee in accordance with the provisions of article 6 of this chapter and that such fee may not be waived by the tenant, except as specifically provided in section 4-5-607 of this chapter; and
 6. 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 B1 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.
- D. At the time when the tenant(s) vacate the unit, the landlord shall pay a relocation fee in accordance with the provisions of article 6 of this chapter.
- E. 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:
1. Provide written notice of such action to the city not less than thirty (30) days prior to rerenting the units;
 2. 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;
 3. Provide those tenants who provided a notice of interest in rerenting pursuant to subsection C3 of this section the right of first refusal to rerent 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 office within one week of mailing;
 4. 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;

5. 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.
- F. 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 prior to rerenting 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.
- G. 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 rerenting pursuant to subsection C3 of this section the right of first refusal to rerent 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 office 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.
- H. 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.
- I. 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.
- J. 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.
- K. 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.
- L. 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.

M. 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. (1988 Code; amd. Ord. 04-O-2449, eff. 6-18-2004)

Article 6. Relocation Fees

4-5-601: FEES REQUIRED:

Any landlord who serves a notice of eviction on a tenant pursuant to section 4-5-509 or 4-5-511 of this chapter shall pay to such tenant a relocation fee in accordance with the provisions of this article. Such fee shall be due and payable to such tenant whether or not such landlord actually utilizes the apartment unit for the purposes stated in the notice of eviction, unless such landlord notifies such 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 if such notice of the last date of occupancy is not given by the tenant, and files a copy of such notice with the city clerk within one week after serving such notice on the tenant. (1962 Code § 11-6.01)

4-5-602: TIME OF PAYMENT:

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 such tenant is entitled to receive the relocation fee, it shall be deposited in escrow in accordance with section 4-5-604 of this article. (1962 Code § 11-6.02)

4-5-603: PAYMENT TO EACH TENANT:

The entire fee shall be paid to a tenant who is the only such tenant in an apartment unit. Where an apartment unit is occupied by two (2) or more tenants, payment may be prorated among such tenants, or payment may be made to one tenant, provided all the adult occupants of the apartment unit have signed a stipulation to judgment as described in subsection 4-5-604A of this chapter. In no event shall a landlord be liable to pay a total amount more than the fee required by section 4-5-605 of this chapter for one apartment unit to all the tenants in any one apartment unit. (1962 Code § 11-6.03)

4-5-604: DEPOSIT INTO ESCROW:

- A. Where 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.
- B. If the landlord in good faith is unable to determine who are the persons 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 A of this section if the tenant still occupies the apartment unit.
- C. All the costs of an escrow opened pursuant to the provisions of this section shall be borne by the landlord. (1962 Code § 11-6.04; amd. Ord. 04-O-2449, eff. 6-18-2004)

4-5-605: AMOUNT OF RELOCATION FEES:

The amount of the relocation fee payable to a tenant entitled to such fee pursuant to the provisions of this chapter 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. (Ord. 17-O-2729, eff. 5-5-2017)

4-5-606: PHYSICAL RELOCATION IN LIEU OF FEE:

In lieu of the relocation fee required by section 4-5-605 of this article, the landlord, at his 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 section 4-5-605 of this article 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 section 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. (1962 Code § 11-6.06)

4-5-607: WAIVER OF RELOCATION RIGHTS:

- A. 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 which meets all the requirements of this chapter, 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 chapter and shall return to the landlord any relocation fee or other benefit so received, plus interest at the rate allowed by law.
- B. 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, such tenant shall be deemed to have waived all rights to any relocation benefits to which he or she is otherwise entitled pursuant to this chapter, and such 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. (1962 Code § 11-6.07; amd. Ord. 89-O-2068, eff. 8-8-1989)

Article 7. Remedies

4-5-701: ILLEGAL RENT OR WITHHOLDING OF RELOCATION FEES:

- A. 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 after receiving written notice from the City that such payment does or will exceed such allowable maximum.

- B. It shall be unlawful for any landlord wilfully to fail to provide any tenant with any relocation benefit to which such tenant is entitled after receiving written notice from the City that such relocation benefit is due and owing to such tenant.
- C. A tenant shall not pay otherwise allowable rent increases under section 4-5-303 of this chapter, if the landlord has failed to substantially comply with the registration requirements of section 4-5-801 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. (1962 Code § 11-7.01; amd. Ord. 17-O-2745, eff. 1-19-2018)

4-5-702: 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 sections 4-5-704 and/or 4-5-705 of this article. (1962 Code § 11-7.02)

4-5-703: UNLAWFUL EVICTIONS:

- A. A landlord shall not issue or cause to be issued a notice of termination of tenancy in order to circumvent the application of this chapter. For the purposes of this section, a notice of termination of tenancy shall include any notice, oral or written, given to a tenant for the purpose of having the tenant vacate an apartment unit. The failure of a landlord to withdraw any such notice of termination of tenancy after the landlord has been given written notice by the city manager or his designee or by the city attorney that such notice of termination of tenancy is in violation of the provisions of this chapter shall constitute prima facie evidence of the intent of the landlord to circumvent the application of this chapter and shall be unlawful.
- B. It shall be unlawful for a landlord to evict, or to attempt to evict, a tenant or to regain, or attempt to regain, the possession of an apartment unit upon a pretext that the landlord desires occupancy for himself or herself or some relative in order to circumvent the application of this chapter. A tenant in such circumstances may refuse to deliver possession of the apartment unit and may establish the landlord's subterfuge as a defense in any action brought by the landlord to recover the possession of the apartment unit. Additionally, in the event a violation of this section is discovered by the tenant after the possession of an apartment unit has been regained by the landlord, such landlord shall be liable to the dispossessed tenant in a civil action for treble the amount of the rent which would have been payable by the tenant had the tenant not been dispossessed, and for the entire period of the dispossession, not exceeding six (6) months; and in any such action the tenant shall

also be entitled to payment by the landlord of the tenant's reasonable attorney fees and costs as determined by the court. (1962 Code § 11-7.03)

4-5-704: REFUSAL TO COMPLY WITH ILLEGAL REQUESTS:

- A. 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.
- B. In addition to the remedies set forth in subsection A of this section, in any action brought to recover the possession of an apartment unit, the court may consider as grounds for denial 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. (1962 Code § 11-7.04)

4-5-705: 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. (1962 Code § 11-7.05)

4-5-706: 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. (1962 Code § 11-7.06)

4-5-707: ADMINISTRATIVE PENALTIES:

No building, demolition, or moving permit shall be issued unless the applicant therefor has complied with all the provisions of this chapter applicable to the apartment unit or units on which the proposed

work is to be done. No final map shall be approved unless it is found that the subdivider has complied with all the provisions of this chapter or any prior law of the City relating to rent stabilization applicable to the subdivision at the time the tentative map was approved. (1962 Code § 11-7.07)

Article 8. Registration

4-5-801: 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; Landlord Required To Notify City Of Changed Registration Information: 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)

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 4-5-202 of this title, or 2) vacated because the tenants are evicted for the reasons specified under section 4-5-502, 4-5-503, 4-5-504, 4-5-505, 4-5-507 or 4-5-508 of this title, 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)

4-6-6: INVOLUNTARY TERMINATION OF TENANCIES BY LANDLORDS:

Written notice provided in accordance with state law shall be given to any tenant in order for a landlord to terminate the tenancy of a rental unit subject to this chapter. (1962 Code § 12-1.06; amd. Ord. 04-O-2449, eff. 6-18-2004)

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 section 4-5-502, 4-5-503, 4-5-504, 4-5-505, 4-5-507 or 4-5-508 of this title, 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, or for no specified 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 community development department 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)

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
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)

APPENDIX C

RENT STABILIZATION REGULATIONS

RESOLUTION NO. 17-R- 13158

**RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS ADOPTING REGULATIONS IN
CONNECTION WITH THE REGISTRATION OF RENTAL
UNITS AND THE CERTIFICATION OF RENTS CHARGED
FOR THOSE UNITS**

WHEREAS, on January 24, 2017, the City Council of the City of Beverly Hills adopted Ordinance No. 2725 requiring landlords to register certain rental units within the City; and

WHEREAS, the City Council has directed that as part of the registration process, landlords shall provide the rent that is being charged for each rental unit; and

WHEREAS, state law (Civil Code Section 1947.7 et seq., “the Petris Act”) imposes certain requirements on local governments that have adopted ordinances or regulations that require the registration of rents; and

WHEREAS, the City Council desires to adopt regulations and procedures for the registration of rental units and the certification of rents that are consistent with the Petris Act;

NOW THEREFORE, THE COUNCIL OF THE CITY OF BEVERLY HILLS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby adopts the Regulations regarding the registration and certification of rents that are set forth in Attachment A, attached hereto and incorporated herein by reference (the “Regulations”).

Section 2. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and this certification to be entered in the Book of Resolutions of the City Council of this City.

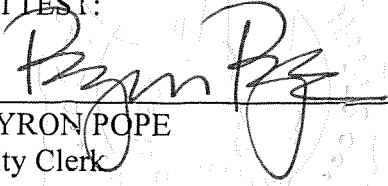
Adopted: September 19, 2017



LILI BOSSE

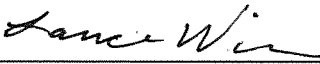
Mayor of the City of Beverly Hills, California

ATTEST:

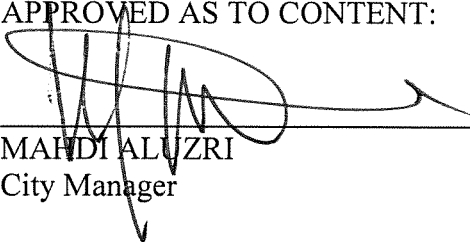

BYRON POPE
City Clerk

(SEAL)

APPROVED AS TO FORM:


LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:


MAHDI ALUZRI
City Manager

CITY OF BEVERLY HILLS

**REGULATIONS REGARDING THE REGISTRATION OF
CERTAIN RENTAL UNITS WITHIN THE CITY OF BEVERLY
HILLS AND THE CERTIFICATION OF RENTS BEING
CHARGED FOR THOSE RENTAL UNITS**

CHAPTER 1
REGISTRATION OF RENTAL UNITS

1. Purpose.

The purpose of the registration requirement is to enable the City to implement Sections 4-5-801 and Section 4-6-10 of the Beverly Hills Municipal Code.

2. Times When Registration is Required. Pursuant to Sections 4-5-801 and 4-6-10 of the Municipal Code, registration and/or re-registration of rental units that are subject to the requirements of Chapter 5 or Chapter 6 of Title 4 of the Beverly Hills Municipal Code is required at the following times:

- a. Registration. Registration is required from the landlord within thirty days of the date of written notice from the City that registration is required, unless the rental unit is specifically exempt from the provisions of Chapter 5 and Chapter 6 of Title 4 of the Beverly Hills Municipal Code.
- b. Termination of Exemption. When a rental unit that was exempt from the provisions of Chapter 5 and Chapter 6 of Title 4 of the Beverly Hills Municipal Code loses its exempt status due to termination of the conditions qualifying it for exemption, the landlord is required to file a registration form with the City within thirty (30) days after the exemption ends.
- c. Following a Vacancy. When a rental unit is re-rented following a vacancy, the landlord shall re-register the unit with the City within thirty (30) days after the date of the re-rental of the unit.
- d. Change in Ownership. Whenever a change in ownership occurs, the Seller shall provide the City with written notice of the change in ownership including the date of transfer, and the name and address of the new owner, within thirty days of the close of escrow. The new owner also is required to file a registration form with the City within thirty (30) days of the close of escrow. The new owner's registration form will only be accepted by the City if it is accompanied by a copy

of a written notification from the landlord to all tenants advising the tenants of the change of ownership of the building and setting forth the name, address and telephone number of the new owner and of the new owner's property manager or representative, and a declaration that the new owner served the written notification on all the tenants of the building.

- e. Change in Building Management. The landlord shall file registration amendments with the City within thirty (30) days of a change of the property manager or authorized agent or if the address or other contact information of the owner or authorized agent changes.
- f. Payment of Registration or Re-registration fee. The registration or re-registration form shall be accompanied by any fee established by Resolution of the City Council.

3. Required Information.

- a. For the property: the street address; the APN; the number of units, and the year the building was constructed.
- b. For the owner: the name of the property owner; the type of ownership of the property (such as an individual, a trust or an LLC); the owner's contact information, including the telephone number, email address, mailing address, business license number, and business license expiration date.
- c. For a property manager: the name and contact information for the property manager, including the telephone number, email address, mailing address, and if there is an on-site property manager, the property manager's unit number.
- d. For the unit: the unit number; the number of bedrooms and bathrooms; whether utilities are provided by the landlord as part of the rent, and if so, which utilities are provided; whether parking is provided as housing service that is part of the rent for the unit; whether the unit is vacant or occupied; if occupied, current status of the occupant (tenant, owner, building manager); the current monthly rent for the unit, the original rent amount that was charged to the current tenant, and the date of the last rent increase; whether the unit was voluntarily vacated by the prior tenant, and if not, the reason for the termination of the tenancy.
- e. For the current tenant: the original occupancy date of the current tenant; whether the tenant is subject to Chapter 5 or Chapter 6 of Title 4 of the Municipal Code; whether the current tenant occupies the unit pursuant to a Section 8 voucher; whether the tenancy is subject to a contract with a governmental entity or a non-profit entity that governs the tenancy; whether the landlord provided a copy of the Tenant Landlord Rights and Responsibilities Handbook to the current tenant and, if so, if the landlord has a copy of the Handbook on file that displays the tenant's original signature acknowledging receipt of the Handbook.

CHAPTER 2
CERTIFICATION OF RENTS

1. Notice of Rent. Following the completion of the registration of the rental unit required by Chapter 1 above, the City will notify the tenant in writing of the amount of the rent that the landlord has provided to the City.
2. Objection to Rent Amount.
 - a. The tenant(s) may contest the amount of the rent set forth in the Notice by filing an appeal with the City, on the City's form, within fifteen (15) days of the date of the mailing of the Notice. An extension for filing the appeal may be granted by the City upon a showing of exceptional circumstances making it impossible for the tenant to timely file the appeal, provided that the final certification has not yet been issued by the City.
 - b. A tenant may object to the amount of the rent set forth in the Notice on the following grounds:
 - i. A mathematical or computational error, or the amount fails to properly reflect a decision issued by a hearing examiner affecting the rent for the unit;
 - ii. The amount of the rent for the unit is incorrect.
 - c. A tenant may not object to the amount based upon housing services provided to a unit or any provision of the Rent Stabilization Ordinance that provides a basis for filing an application for a rent adjustment where no determination thereon has been issued.
3. Acceptance of Appeal.
 - a. An appeal shall not be accepted as complete by the City when; i. the appeal is not made on the form prescribed by the City; or ii. the appeal form has not been substantially completed.
 - b. Within ten (10) days after the date when the appeal is filed with the City, the City shall determine whether the appeal is complete.
 - c. If the appeal is determined to be incomplete, the City shall notify the appellant in writing of the deficiency within the ten-day period. The appellant shall have ten days from the date of mailing of the notice to cure the defect(s).
 - d. If a complete appeal objecting to the Notice of Rent is not timely filed, the rent set forth in the Notice shall become the certified rent for the unit and shall become final and cannot be changed except upon a showing of misrepresentation or fraud.
4. Action by City on Accepted Appeal.
 - a. If the ground(s) set forth in the appeal is an arithmetic calculation, which does not require the resolution of disputed evidence, the City may contact the appellant and may resolve the dispute. The City also may contact any affected party and may schedule a conference to resolve a dispute without a further hearing.

- b. If the City cannot resolve the dispute as provided in subparagraph a of this Paragraph 4, or if the appeal requires the resolution of factual issues or an issue concerning the application of the Ordinance and Regulations to the facts, the City shall schedule a hearing before a hearing examiner to resolve the issues raised by the appeal. Except as provided in these regulations, the procedures set forth in Section 4-6-11 A of the Municipal Code shall govern the hearing on the appeal.
 - i. As soon as practicable after the determination of the completeness of a appeal and in no event later than ten (10) days prior to the hearing, the City shall mail to the appellant and all affected parties a notice of the hearing on the appeal.
 - ii. Said notice shall state: a. the date, time and place of the hearing; b. a brief summary of the stated justification for the appeal; and c. that all submitted documents and materials as well as any report prepared by staff will be available for public review prior to the hearing.
 - iii. If the City determines that common issues may exist concerning other units in the same building, the City may schedule a joint hearing before the hearing examiner.
 - iv. Within thirty (30) days after an appeal is determined to be complete, the hearing examiner shall hold a hearing on the appeal, unless an administrative determination to dismiss the appeal has been made, the dispute has been resolved, or a continuance has been granted.
 - v. Any affected party wishing to respond to the appeal must submit his/her response to the City, within five (5) business days of the date of mailing of the notice. This paragraph shall not preclude parties from submitting written materials at the hearing.
 - vi. Within twenty (20) days after the close of the hearing, the Hearing Examiner shall make his/her determination with written findings of fact and conclusions of law in support thereof.
 - vii. Within five (5) business days after the making of the Hearing Examiner's determination, the City shall mail a notice of determination and the decision on the appeal to all affected parties. Said notice of determination shall notify the parties of the decision.
- c. Decisions of the hearing officer shall be final and shall be subject to judicial review, pursuant to Code of Civil Procedure Section 1094.5 and must be filed in accordance with the time periods specified therein
- d. When a final determination on appeal has been issued, the certified rent for the unit shall become final and cannot be changed except upon a showing of misrepresentation or fraud. However, nothing in these Regulations shall be construed to prohibit the subsequent lawful adjustment of the rent pursuant to rent increase applications and other procedures authorized by the Rent Stabilization Ordinance or to correct a computational or typographical error.

5. Completion of Initial Certification of Rents. By January 24, 2018, the City will complete the initial process to certify rents set forth in paragraphs 1 through 4 of this Chapter 2 and certify the amount of the rent that may be charged for each rental unit that has been registered with the City, including conducting any related appeals in connection with the certification process, unless the delay in completing the certification process was willfully and intentionally caused by the property owner or is a result of court proceedings or further administrative proceedings ordered by a court.
6. Issuance of Certificate After Initial Certification.
- a. Request for Certificate. After January 24, 2018, the landlord or the tenant may request from the City a certificate setting forth the rent for the unit.
 - b. Issuance of Certificate. The City shall issue the certificate to the landlord or tenant(s) within five (5) business days after the request is filed with the City provided that: i. the request was submitted in writing to the City on a form prescribed by the City; and ii. the request is accompanied by the payment in full to the City of the applicable fee.
 - c. Objection to Amount in Certificate. The landlord or the tenant(s) may contest the amount of the rent set forth in the certificate by filing an appeal with the City, on the City's form, within fifteen (15) days of the date when the certificate was issued by the City. The ground(s) for objection are limited to: 1. fraud; 2. misrepresentation; or 3. a computational or typographical error. The landlord or tenant(s) may not appeal the amount in the certificate based upon housing services provided to a unit; any provision of the Rent Stabilization Ordinance that provides a basis for filing an application for a rent adjustment where no determination thereon has been issued; or upon any issue which could have been raised prior to the final determination of the rent for the unit conducted pursuant to the provisions of Paragraphs 1 through 5 of this Chapter 2.
 - d. Acceptance of Appeal. Within five (5) days after the date when the appeal is filed with the City, the City shall determine whether the appeal is complete. An appeal shall not be accepted as complete by the City when: i. the appeal is not made on the form prescribed by the City; ii. the appeal form has not been substantially completed; or iii. the appeal form is not accompanied by the payment in full of the applicable fee. If the appeal is determined to be incomplete, the City shall notify the appellant in writing of the deficiency within the five-day period. The appellant shall have ten (10) days from the date of mailing of the notice to cure the defect(s). If a complete appeal is not timely filed, the rent set forth in the Certificate shall become final and cannot be changed.
 - e. Action by City on Accepted Appeal.
 - i. If the ground(s) set forth in the appeal is an arithmetic calculation, which does not require the resolution of disputed evidence, the City may contact the appellant and may resolve the dispute. The City also may contact any affected party and may schedule a conference to resolve a dispute without a further hearing.
 - ii. If the City cannot resolve the dispute as provided in subparagraph i of this Paragraph e, or if the appeal requires the resolution of factual issues or an

issue concerning the application of the Ordinance and Regulations to the facts, the City shall schedule a hearing before a hearing examiner to resolve the issues raised by the appeal. Except as provided in these regulations, the procedures set forth in Section 4-6-11 A of the Municipal Code shall govern the hearing on the appeal.

- iii. As soon as practicable after the determination of the completeness of a appeal and in no event later than ten (10) days prior to the hearing, the City shall mail to the appellant and all affected parties a notice of the hearing on the appeal.
 - iv. Said notice shall state: a. the date, time and place of the hearing; b. a brief summary of the stated justification for the appeal; and c. that all submitted documents and materials as well as any report prepared by staff will be available for public review prior to the hearing.
 - v. Any affected party wishing to respond to the appeal must submit his/her response to the City, within five (5) days of the date of mailing of the notice. This paragraph shall not preclude parties from submitting written materials at the hearing.
 - vi. Within twenty (20) days after notice of hearing if given, the hearing examiner shall hold a hearing on the appeal, unless an administrative determination to dismiss the appeal has been made, the dispute has been resolved, or a continuance has been granted.
 - vii. Within twenty (20) days after the close of the hearing, the Hearing Examiner shall make his/her determination with written findings of fact and conclusions of law in support thereof.
 - viii. Within five (5) day after the making of the Hearing Examiner's determination, the City shall mail a notice of determination and the decision on the appeal to all affected parties. In any event, and notwithstanding any other time limit, the notice and the decision shall be mailed not later than sixty (60) days after the appeal is filed with the City, unless such time limit has been waived all affected parties.
- f. Final Decision. Decisions of the hearing officer shall be final and shall be subject to judicial review, pursuant to Code of Civil Procedure Section 1094.5 and must be filed in accordance with the time periods specified therein.

APPENDIX D

STAFFING PLAN AND PROGRAM COSTS TO IMPLEMENT THE AMENDMENTS TO THE RENT STABILIZATION ORDINANCE



To: Ms. Susan Healy Keene, Director, AICP
Community Development Department
City of Beverly Hills

From: Jan Perkins, Senior Partner
Jay Trevino, AICP, Special Advisor

Subject: Staffing Plan and Program Costs to Implement the Amended Rent
Stabilization Ordinance

Date: July 11, 2017

Executive Summary

Management Partners was retained to assist the City of Beverly Hills with various tasks related to implementing the recently amended rent stabilization ordinance. Our assignment was to develop an implementation action plan, prepare a staffing plan, identify program costs and provide project management assistance to City staff. This memorandum provides a recommended staffing plan and summary of expected program costs. An implementation action plan is also attached.

Management Partners proposes a new Rent Stabilization Division in the Community Development Department. The new division would be headed by a deputy director reporting to the director. As outlined in the organizational placement section below, we believe an alternative placement could be in the Community Services Department.

The new program will require eight full-time equivalent positions. These include seven full-time and two part-time positions. One of the positions would be allocated to the Community Preservation Program and would perform enforcement duties, and a half-time systems integrator would be allocated to the Information Technology Department and be assigned to support the Rent Stabilization Division. The remaining six and a half positions will be placed directly within the Rent Stabilization Division.

We are recommending that some tasks be performed through an internal service agreement by other City departments/divisions or by contracts with outside vendors through clearly defined performance requirements. These internal service agreements are important because it would be inefficient for the new program to establish its own billing, communications, IT and enforcement functions when these functions already exist in the City organization. The internal

service agreements and external contracts are mechanisms to establish the assistance the Rent Stabilization Division will require to operate effectively and sustainably. Further, we understand the City has used internal service agreements in the past.

We have also identified the likely program costs, including start-up and ongoing. The City may determine to offset these program costs through fees. The rent stabilization programs in other California cities do incorporate fees. Management Partners' team members estimate that the first-year costs, including start-up, will be approximately \$1,492,200. This covers the period March 1, 2017 through June 30, 2018. However, these first-year costs would be partially offset by the \$250,000 already appropriated by the City Council and, therefore, the additional first year costs are estimated at \$1,242,200. Second year costs, for FY 2018-19 are estimated to be \$1,649,200. Also shown in this memorandum is a five-year projection of program costs, which we have adjusted for expected CalPERS increases and Consumer Price Index increases for non-personnel costs.

Recommended Actions

1. Approve eight full-time-equivalent positions to staff the program, as outlined in this memorandum.
2. Approve a total program budget of \$1,492,200 for the period extending from March 1, 2017 through June 30, 2018 and a new appropriation of \$1,242,200 for FY 2017-18.
3. Establish a policy as to fees and conduct further analysis as necessary.

Analysis

Our analysis and recommendations are set forth in the following sections:

- A. Critical Program Milestones for Ordinance Implementation
 - B. Rent Stabilization Purpose and Responsibilities
 - C. Rent Stabilization Division Staffing
 - D. Organizational Placement
 - E. Recommended Reporting Structure in Community Development
 - F. Alternative Reporting Structure in Community Services
 - G. Estimate of Program Costs
 - H. Fee Implications
 - I. Conclusion
- Attachment A: Implementation Action Plan
- Attachment B: Workload Estimate for Rent Stabilization Division Positions

A. Critical Program Milestones for Ordinance Implementation

The critical milestones for this program are listed below in Table 1. These are important to keep in mind as the staffing and budget are considered. Attachment A contains a summary level implementation action plan for start-up of the rent stabilization program. Some of the dates shown below are Council meeting dates or are firm deadlines. Other dates are ranges or estimates of when tasks will be completed.

Table 1. Critical Program Milestones (Including Office and Staffing)

Ordinance Completion Milestones	Dates
1. Develop processes for administering relocation fee	Completed
2. Develop rent adjustment guidelines and associated processes	Completed
3. Develop enforcement process for ordinance violations	Completed
4. Develop rental housing registry guidelines and implement registration	Completed
5. Obtain Council authorization for program budget and staffing	July 18, 2017 Council meeting
6. Begin online registration of rental housing units	By July 24, 2017
7. Engage hearing officers	July 2017
8. Orient hearing officers	August 2017
9. Initial 30-day registration period ends	August 23, 2017
10. Recruit, hire and orient permanent staff	August to December 2017
11. Set up rent stabilization program offices	August to September 2017
12. Begin enforcement of registration violations	September 8, 2017
13. Conduct fee analysis, determine billing method, schedule and staffing pursuant to the City Council's policy concerning fees	August to December 2017
14. Finalize certification of permissible rents, including appeals, for all rental housing units pursuant to California Civil Code §1947.8(b) <ul style="list-style-type: none"> • Deadline is one year from City Council adoption of rent stabilization protections • Compliance with the one-year deadline will ensure the City is authorized to recover excess rent charged by landlords beyond the certified permissible rent 	January 24, 2018

B. Rent Stabilization Purpose and Responsibilities

On January 24, 2017, the City Council adopted an urgency ordinance to address concerns related to rising rents, and no-cause evictions. The Human Relations Commission and Council Liaisons had created four recommendations for the Council's consideration, following several months of meetings and input from tenants and landlords. On February 21, 2017, the Council approved the permanent rent stabilization protections, which became effective on May 5, 2017.

The ordinance implements the following direction by Council:

1. Create a database for approximately 8,600 multi-family units,
2. Establish a rental registry program consisting of the 8,600 multi-family units,
3. Change the current no-cause termination ordinance found in Beverly Hills Municipal Code (BHMC) §4-6 to include relocation fees, and

4. Reduce the maximum annual rent increases allowed in BHMC §4-6 from 10% to 3%.

The City has approximately 8,600 rent stabilized units, owned by 979 property owners, on 1,131 properties.

To implement these major program responsibilities, the program will require administrative and support functions to launch the program and ensure successful implementation. Four major categories of administrative and support functions are described in Table 2 below.

Table 2. Rent Stabilization Program Major Program Support Categories

Category	Key Responsibilities
1. Program Management	<ul style="list-style-type: none"> Recruit for new positions (temporary and permanent) Provide initial and ongoing staff training Establish office space, equipment and facilities to serve members of the public Manage vendor contract(s) to ensure rental housing registry database is kept current Conduct a fee analysis, determine billing method, schedule, staffing and organizational placement, if appropriate, pursuant to City Council's policy concerning fees Implement a registration program for all rental housing properties and certify permissible rents Implement the relocation fee protections in cases involving no-cause evictions Analyze proposed rent adjustments and provide reports and data to administrative hearing officers Create and manage the division's budget Compile and maintain program records, including performance measurement data
2. Communication	<ul style="list-style-type: none"> Create and update public communication and outreach materials Create new webpage for the rent stabilization program and keep it current Establish internal service agreement with the City's Office of Communications for communications support Provide accurate information and responses to questions from the public
3. Legal and Administrative Hearing Services	<ul style="list-style-type: none"> Seek ongoing legal support from the City Attorney's Office Assist the City Attorney's Office in establishing contracts with administrative hearing officers Provide ongoing administrative support to schedule and notice administrative hearings
4. Enforcement	<ul style="list-style-type: none"> Establish internal service agreement with the City's Community Preservation Program to carry out enforcement activities related to the new rent stabilization program Respond to complaints related to rent stabilization protection and housing habitability standards

C. Rent Stabilization Division Staffing

Management Partners recommends the program be carried out by a combination of permanent rent stabilization staff, internal service agreements with other City departments, and contracts with outside vendors. We have identified a need for eight full-time equivalent positions for this program. Of those, one code enforcement officer would be allocated to the Code Enforcement Division, a one-half time systems integrator would be allocated to the Information Technology Department to support the rent stabilization program, and the remaining six and one-half full-time equivalent positions allocated to the Rent Stabilization Division. Designating the additional Community Preservation staff member in the code enforcement officer classification will give the City added flexibility. For example, the City may later determine to fill the position with a lower classification, or it may add specialized certifications as a job requirement.

We recommend that the new rent stabilization program be established as a new division, in recognition of the program's importance to the community and its role within the organization. We also recommend the new division be led by a deputy director to ensure the City will be successful in recruiting and retaining an experienced manager.

Other Cities' Rental Housing Program Staffing

To provide a perspective on staffing levels, Table 3 shows staffing and budget information in other cities' rental housing programs. No two cities are alike, and each city accounts for overhead and program staff in various ways. The budget figures available for the other cities may or may not include indirect costs related to hearing officers, support for billing of the annual fee, enforcement, information technology or other administrative functions. However, Management Partners has included all program-related costs for Beverly Hills in this analysis.

Table 3 compares the full-time equivalent (FTE) staff of several cities with rent stabilization programs along with the number of rental units. This is only offered to provide perspective on other rent stabilization programs. However, it is important to note that there are significant differences in how cities carry out and budget their programs. In-house staffing is used by some cities for legal and hearing officer services, (e.g., Berkeley and Santa Monica); Oakland has in-house staff for hearing officers. Richmond and West Hollywood only include administrative staff in their rent program budgets. Without doing significantly more analysis (which would require hours beyond the scope of this engagement), we are unable to provide detail about similarities and differences.

Table 3. Staffing for Several California Rental Housing Stabilization Programs

City	Population	Number of Rent Stabilized Units	Elements of Rent Stabilization Program ¹	FY 2017-18 Program Budget	Number of Program FTE	Ratio of Units per FTE
Beverly Hills	34,871	8,600	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause 	\$1,492,200	8.00	1,075
Berkeley ²	121,000	19,093	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause • Anti-Retaliation 	\$5,243,029	22.35	854
Oakland ³	420,000	65,000	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause 	\$2,795,050	13.00	5,000
Richmond	108,565	10,469	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause • Anti-Retaliation 	\$2,425,355	7.50	1,396
Santa Monica ⁴	92,000	27,542	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause • Anti-Retaliation 	\$5,181,693	25.9	1,063
West Hollywood ⁵	37,000	16,805	<ul style="list-style-type: none"> • Rent Stabilization • Just Cause • Anti-Retaliation 	\$2,580,521	12.00	1,400

Source: Program budget and staffing information for the Cities of Berkeley, Oakland, and West Hollywood are from city proposed budget documents for FY 2017-18. Program budget and staffing information for the Cities of Richmond and Santa Monica are from rent board proposed budget documents for FY 2017-18.

¹Elements include limits on annual rent increases, limits on rent increases over multiple years, prescribed ranges for allowable rents, procedures for evictions and other specific provision that each city has in its ordinance.

²The City of Berkeley rent program staff includes 2.0 hearing examiners and 5.0 legal positions to support in-house hearings and legal services.

³The City of Oakland rent program staff includes 5.0 FTE hearing officer positions.

⁴The City of Santa Monica rent program staff includes 4.0 positions to support legal services and 6.9 positions to support hearings. Legal staff includes 1.0 legal secretary and 3.0 attorney positions. Hearing staff includes 1.0 hearing department manager, 2.9 hearing examiners, 1.0 hearing inspector, 1.0 hearing specialist and 1.0 budget/office coordinator positions.

⁵The City of West Hollywood budget does not delineate their rent stabilization program from their housing program. Therefore, the program budget and staffing information shown in the table include both rent stabilization and housing program resources for FY 2017-18. Staff estimate the total costs of the rent program to be approximately \$3.6 million when hearings and appeals processes are included. The table includes 1.0 FTE director of human services and rent stabilization position which is responsible for recreation, community events, social services and rent stabilization programs.

Proposed Rent Stabilization Division Staffing

The proposed staffing is based on analysis of the number of rental housing units in Beverly Hills subject to the new ordinance and our understanding of staffing in several other jurisdictions with rent stabilization programs. Staffing depends largely on the number of units and program requirements. We have also prepared a work function analysis (Attachment B) which provides another way of assessing the staffing required for the program. However, since the rent stabilization program is not yet operational the work function analysis is based on estimates of functions and the time required to perform them. Once the program is in operation

for about a year, data regarding the actual workload will be available and the City will be able to update this analysis and the staffing needs.

Management Partners recommends establishing the permanent staff for the program as shown in Table 4, at least initially. Because the actual workload that will be associated with the rent stabilization program is unknown, we have estimated the number of positions as low as we believe reasonable to carry out the essential elements of the program. Adjustments may be needed in the future if workload is higher than can be handled by the proposed staffing at the outset.

Table 4. Proposed Rent Stabilization Program Staffing

Function	Required Permanent Positions	Major Responsibilities
Program Management and Administration	Deputy Director - Rent Stabilization (1)	<ul style="list-style-type: none"> Interface with Community Development, other City departments and City Attorney Supervise the communication function, manage the message and serve as primary voice for the program Manage internal service agreements for code enforcement and communications services Manage the program
	Senior Management Analyst (1)	<ul style="list-style-type: none"> Manage contract with database vendor Serve as lead for management analyst team Assist with resolution of complex issues Oversee staff work related to appeals Manage program budget Manage billing services, as necessary, through internal service agreement with Finance Department Plan and coordinate community meetings
	Customer Service Representatives (2)	<ul style="list-style-type: none"> Respond to landlord and tenant questions Advise the public on procedures for resolving issues Document and process questions requiring legal interpretation and clarification Provide clerical and administrative support Provide clerical support for organizing community meetings Rent analysis follow up
	Systems Integrator (.5)	<ul style="list-style-type: none"> Provide ongoing IT support Manage rent stabilization information on website This position will be allocated to the Information Technology Department and be assigned to the Rent Stabilization Division
	Secretary (.5)	<ul style="list-style-type: none"> Compile and maintain records Provide administrative support Prepare notices and minutes for hearings
Registry and Rent Appeals	Management Analyst (2)	<ul style="list-style-type: none"> Conduct rent analyses¹ Assist with informal resolution of issues Accept landlord and tenant complaints and develop information as needed for administrative hearings Prepare reports for hearing officer Determine relocation benefits

Function	Required Permanent Positions	Major Responsibilities
Enforcement	Code Enforcement Officer (1)	<ul style="list-style-type: none"> Conduct habitability inspections based on complaints Provide enforcement support for rent stabilization violations as determined by rent stabilization staff (Enforcement support might include issuance of notices, citations and forwarding cases to City Prosecutor) The additional code enforcement officer will be allocated to the Community Preservation Program
Total Required Positions	8.0 FTE	

¹Rent analysis could be necessary at several points, including (1) initial registration, determination of permissible rent, (2) requests for certification of permissible rent, (3) appeals of permissible rent, (4) relocation fees, and (5) requests for rent adjustments.

Community Preservation Enforcement Role

The Community Presentation Program currently has some responsibilities related to rent control, including enforcement of habitability codes, and addressing complaints about substandard conditions prior rent control protections.

The new rent stabilization protections are expected to increase the number of complaints generally, including those related to habitability violations; thus, additional staff resources will be necessary. In the past several years, Community Preservation staff responded to rental housing complaints as shown in Table 5 below:

Table 5. Rental Housing Complaints

Type of Complaint	FY 2013-14	FY 2014-15	FY 2015-16	Three Year Average	FY 2016-17 ¹	Recent Increase Over Historical Average
Substandard conditions²	385	321	375	360	497	38%
Habitability³	161	123	142	142	166	17%
Rent control⁴	70	74	98	81	131	62%

¹Data for FY 2016-17 was for 11.5 months, through June 15, 2017.

²Substandard violations are typically comprised of improper maintenance or defective conditions relating to the exterior and interior of rental units, including but not limited to defective doors, windows, amenities such as appliances, peeling paint, floors coverings, plumbing leaks, electrical defects, faulty smoke alarms and sensors, etc.

³Habitability violations typically include inoperable heaters, bath and kitchen facilities, inadequate plumbing and electrical systems, extreme mold or other toxic contamination, major structural defects, and other high hazard conditions.

⁴Rent control violations commonly involve improper noticing, unlawful rent increases or adjustments, defective amenities resulting in reduction of housing services, contractual disputes which are otherwise violations of rent control codes, and civil disputes which range from contractual to interpersonal conflicts. These cases are separate and distinct from work functions identified in the staffing table above.

As this data shows, there has been a significant increase in complaints during the past year. Additionally, since the new rent stabilization ordinance was first discussed by the Council in

January, there has been an increase in customer calls and walk-ins at the counter asking for information.

The community preservation manager expects these case types to increase given the new rent stabilization protections enacted by the City Council. He reports that because of the Tenant/Landlord Forum, Community Preservation has seen an increase in the number of complaints received and violations confirmed. This increase in complaints was specific to substandard building conditions and rent control violations and a significant increase in civil dispute issues. A more specific increase in both inquiries and complaints related to rent control was realized after January 24, 2017, when the rent stabilization ordinance took effect. He reports that inquiries and complaints were generated by tenants, as the statistics in the table above bear out. The community preservation manager anticipates a continued increase in complaints and confirmed violations for a period of time, then leveling off at some higher rate. This will mean a higher case volume than in past years.

With the creation of the rent stabilization program, Management Partners expects the proposed management analysts to review all rent control-related complaints and refer follow-up citations and enforcement steps to Community Preservation Program staff.

The FY 2017-2018 budget authorizes a total of 7.7 FTE positions in the Community Preservation Program. Some of these positions provide executive-level supervision and others provide direct program services. Table 6 shows the positions included in the budget.

Table 6. Community Preservation Program Staffing

Position	Current Staffing (FTE)	Proposed Addition
Director of Community Development	.05	
Assistant Director of Community Development – City Building Officer	.25	
Community Preservation Manager	1.00	
Senior Code Enforcement Officer	1.00	
Code Enforcement Officer	4.00	1.0
Senior Management Analyst	.15	
Executive Assistant II	.25	
Secretary	1.00	
Totals	7.70 FTE	8.70 FTE

Due to anticipated workload, Management Partners believes one additional code enforcement officer will be required to handle the increased enforcement workload associated with the new ordinance. However, if demand is greater than expected increase, the City may need to increase this staffing beyond the one position.

D. Organizational Placement

The City has asked Management Partners to review organizational placement options for the new rent stabilization program. Though the Community Development Department has taken the lead on initial implementation steps, the City wants to ensure the new program is placed in the most appropriate department.

In addition to the Community Development Department, we believe the Community Services Department is an equally viable placement option. However, we see the program's success as less dependent on its placement and more dependent on ensuring the staffing and resources are sustainable. In this sense, the program could be successful in either placement option.

Community Development Department

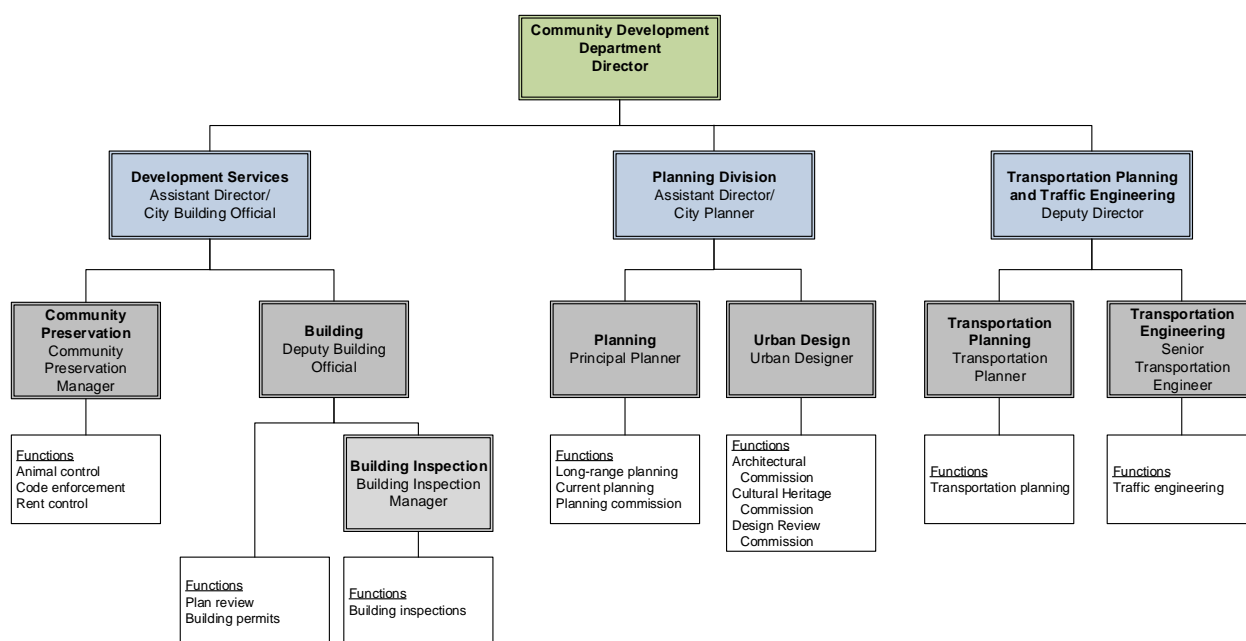
The mission of the Community Development Department is to provide services related to construction, development and physical improvements in the community, as well as by developing long-range plans related to historical preservation, housing, land use, transportation, and traffic engineering. The department fulfills much of its mission through implementing and enforcing regulations, by engaging in regular community outreach and by providing staff support to five commissions.

The Community Development Department is adept at:

- Administering complex regulations and procedures;
- Working with the City Attorney's Office;
- Issuing permits;
- Maintaining property-based records;
- Responding to citizen complaints;
- Engaging the community;
- Enforcing regulations; and,
- Providing a broad range of customer services in City Hall.

If the rent stabilization program were placed in the Community Development Department, Management Partners believes it should be a separate division reporting to the director. The current Community Development Department organization structure is shown in Figure 1 below.

Figure 1. Current Community Development Department Organization Structure



Community Services Department

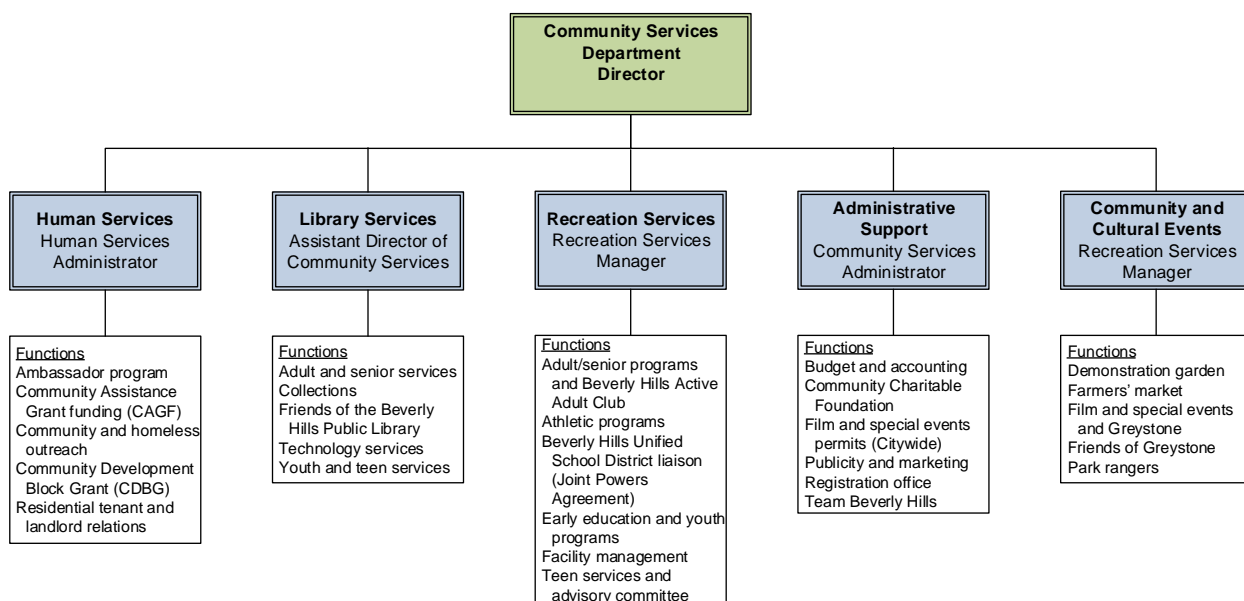
The mission of the Community Services Department is to provide enrichment services related to the community's cultural, educational, recreational, landscape and social service well-being. The Human Services Division of the department provides services related to protecting the "safety net" of community members in need, and collaborating with other local and regional entities. The Community Service Department fulfills much of its mission by providing a broad range of services in numerous locations throughout the community and by providing staff support to three commissions.

The Community Services Department is adept at:

- Engaging the community;
- Providing a broad range of services, in City Hall and throughout the community;
- Promoting diversity and civility;
- Communicating effectively;
- Handling community disputes;
- Working in the housing policy area; and,
- Engaging in tenant/landlord issues, including providing support to the Health and Safety Commission as it conducts a monthly landlord/tenant forum.

If the rent stabilization program were placed in the Community Services Department, Management Partners believes it should be a separate division reporting to the director. The current Community Services Department organization structure is shown in Figure 2.

Figure 2. Current Community Services Department Organization Structure



Recommended Placement

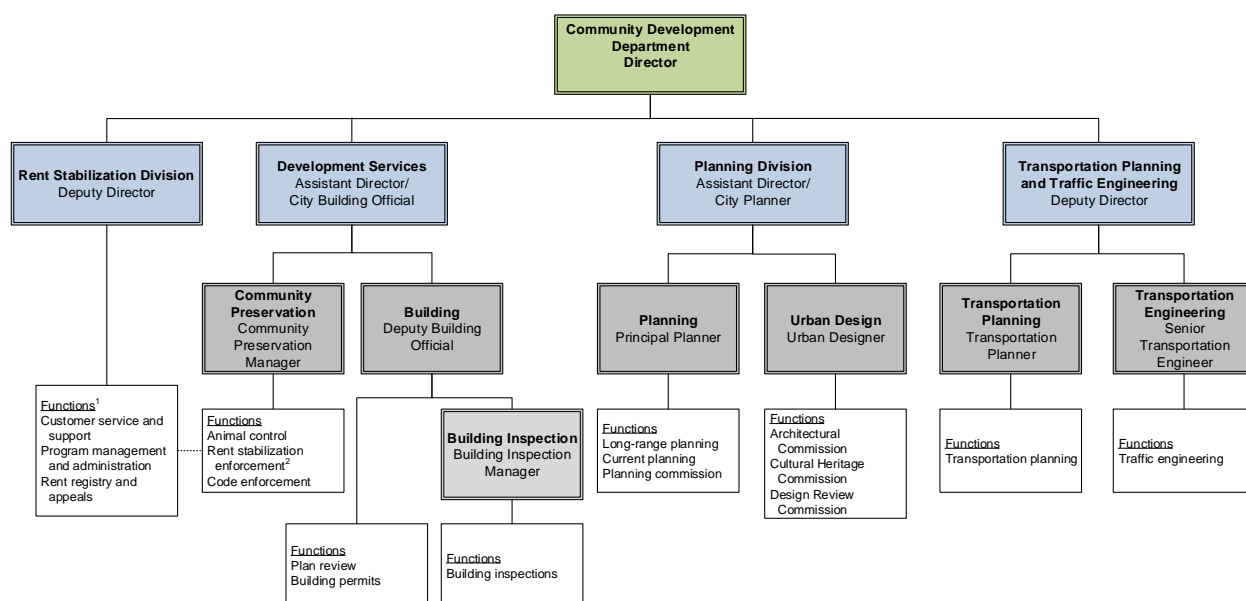
We believe the rent stabilization program could be successful if placed in either department. While the Community Services Department offers advantages in terms of its involvement in the housing policy area and the mediation and legal services it provides to tenants, the Community Development Department would be better positioned from a perspective of management systems, procedures, and property-based record keeping. For these reasons, Management Partners finds the Community Development Department a somewhat better fit.

E. Recommended Reporting Structure in Community Development

Management Partners recommends establishing the rent stabilization program as a new division of the Community Development Department and led by a new deputy director. The management team of Community Development has been in the lead in developing the rent stabilization program, working closely with the City Manager's Office and City Attorney's Office. The Department has developed a strong knowledge of the policy foundations and program issues.

The proposed organization structure is shown in Figure 3. As shown, the Rent Stabilization Division would be led by a new deputy director, who would report to the director.

Figure 3. Proposed Organization Structure

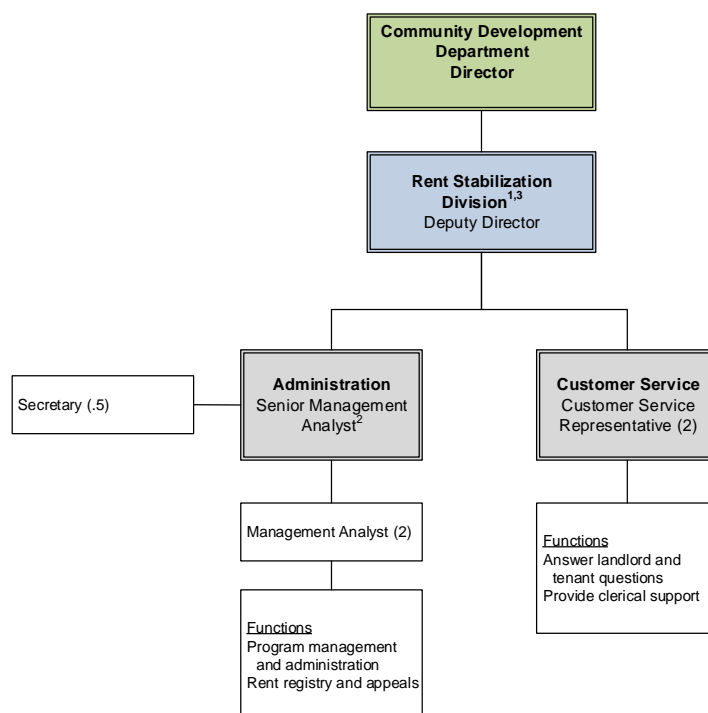


¹The Rent Stabilization Division will maintain an internal service agreement with community preservation for enforcement related to the rent stabilization ordinance, with IT for systems and internet support, with the City Attorney's Office for legal services, and with the City Manager's Office of Communications for communications support.

²An additional code enforcement officer is recommended to carry out expected increased enforcement activities due to new ordinance. The services will be provided under an internal service agreement with the rent stabilization program.

Figure 4 provides the details of Management Partners' recommended organizational structure for the rent stabilization program.

Figure 4. Detailed Organizational Chart for Proposed Rent Stabilization Division



¹The Rent Stabilization Division will maintain an internal service agreement with community preservation for code enforcement related to the rent stabilization ordinance. One FTE code enforcement officer is recommended to be added to the Community Preservation Program.

²The senior management analyst has a lead role in administration related tasks.

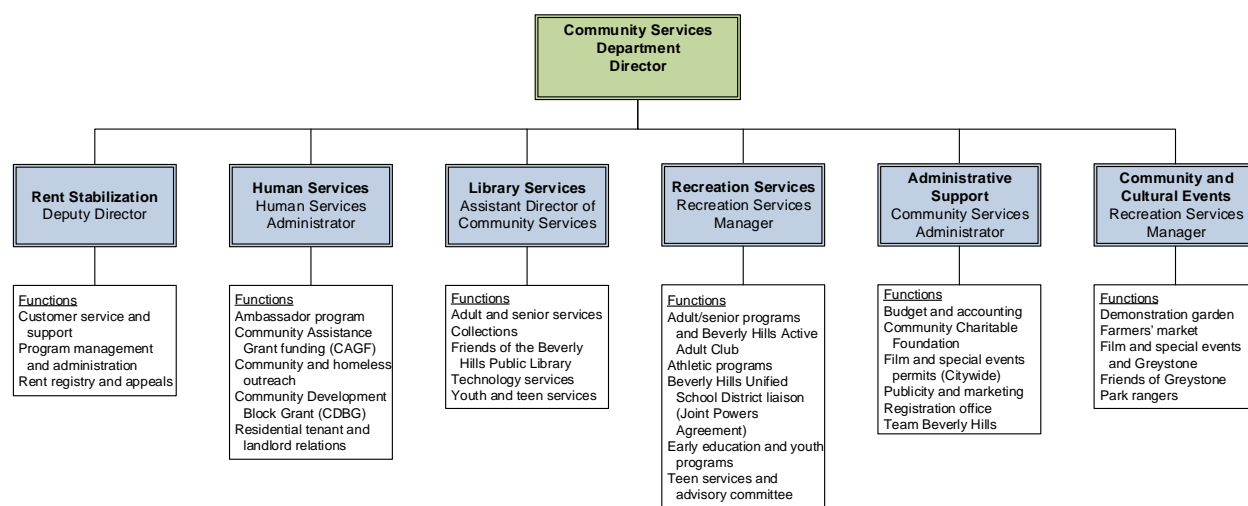
³The Rent Stabilization Division will maintain an internal service agreement with the Information Technology Department for IT support and managing rent stabilization information on the website. A .5 FTE systems integrator is recommended to be added to the Information Technology Department.

F. Alternative Reporting Structure in Community Services

As noted earlier, an alternative placement of the rent stabilization program could be in the Community Services Department. We believe the program would also work well in that department.

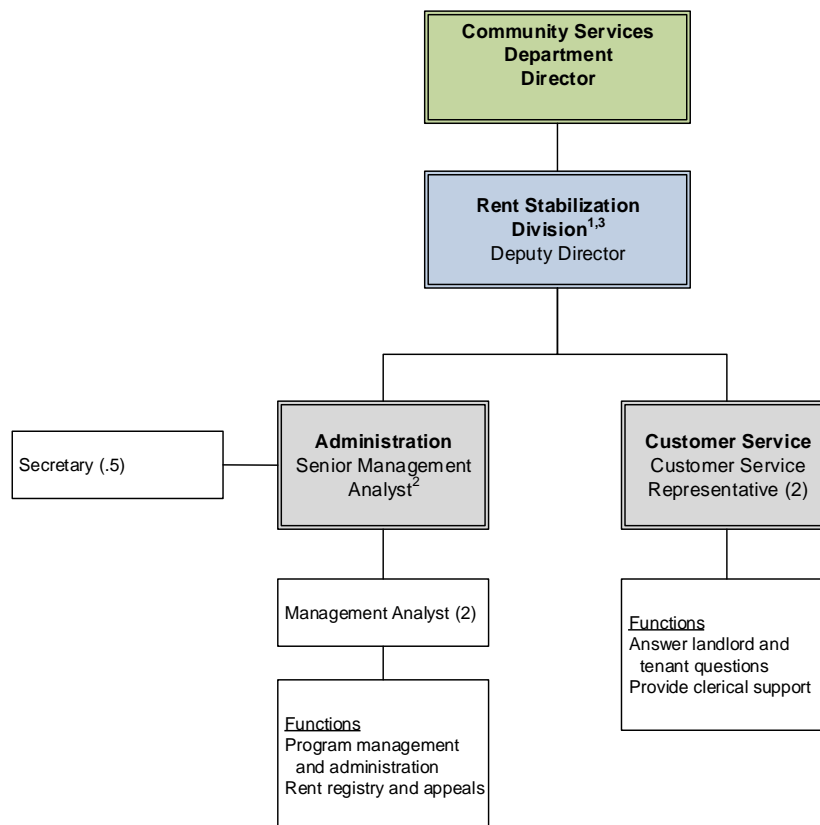
The alternative organization structure is shown in Figure 5. As shown, the Rent Stabilization Division would be led by a new deputy director, who would report to the director.

Figure 5. Alternative Proposed Organization Structure



Accordingly, Figure 6 provides the details for this organizational placement option.

Figure 6. Detailed Organizational Chart for the Alternative Placement of the Proposed Rent Stabilization Division



¹The Rent Stabilization Division will maintain an internal service agreement with community preservation for code enforcement related to the rent stabilization ordinance. One FTE code enforcement officer is recommended to be added to the Community Preservation Program.

²The senior management analyst has a lead role in administration related tasks.

³The Rent Stabilization Division will maintain an internal service agreement with the Information Technology Department for IT support and managing rent stabilization information on the website. A .5 FTE systems integrator is recommended to be added to the Information Technology Department.

G. Estimate of Program Costs

The new rent stabilization program will have similar requirements as would any new City of Beverly Hills program. It will have a significant public component, which means that resources will be needed to ensure effective communications. Staff must be hired and trained to fully implement and sustain program operations. Office space will need to be arranged and a fully functioning office will need to be established. Several internal service agreements or external contracts will be needed to ensure the program components can be met. Should the City determine that fees will be established, as is done in all other cities with rent stabilization programs, the billing methods and systems will need to be established and related staffing provided.

The categories of costs shown below are as follows:

- External contracts and internal service agreements
- Staffing costs
- Materials, supplies, and capital outlay costs

(1) External Contracts for Service and Internal Service Agreements

Management Partners' project team recommends that administrative, support and technical services to the rent stabilization program be provided contractually, with both internal and external service providers. An initial list of current and potential agreement and contracts is described in Table 7. Each agreement or contract would include performance expectations and costs, which would then be charged to the program. These costs could also be reflected in a fee calculation should the City establish fees for the program.

Table 7 indicates the anticipated internal and external contract costs for start-up through FY 2017-18, as well as estimated costs in FY 2018-19. These estimates for contract costs in FY 2018-19 should be considered soft since it may be that some services are needed in the second year that are not anticipated at this time. For that reason, the City may wish to establish a contingency fund for this program, or understand that additional resources may be required in the second year beyond what is estimated below.

Table 7. External Contracts for Service and Internal Services Agreements

Proposed Provider	Estimated Cost March 1, 2017 – June 30, 2018	Estimated Cost July 1, 2018- June 30, 2019	Agreement and Contract Description, Status and Scope
3Di	\$57,000	\$71,000	<ul style="list-style-type: none"> • Purpose: Web interface for registry database development and management • Existing contract (two phases) is for one year. It is renewable and includes registry, database and system administration, property inventory and billing and payments • Annual \$21,000 fee is a subscription fee paid to the vendor with the current modules; this will increase as modules are added • First year includes \$36,000 in software implementation for current contract and \$21,000 in first-year subscription fee • Second year includes \$50,000 in contingency for added software development (landlord and tenant requests) and \$21,000 in subscription fees

Proposed Provider	Estimated Cost March 1, 2017 – June 30, 2018	Estimated Cost July 1, 2018- June 30, 2019	Agreement and Contract Description, Status and Scope
City Attorney	\$305,000	\$305,000	<ul style="list-style-type: none"> • Purpose: Hearing officer and specialized legal services • A request for proposals is underway for administrative hearing officers • Hearing officer costs will depend on number of appeals • Other specialized legal services will be required • Internal service agreement for ongoing services with City Attorney's Office, to include external contract with hearing officers • See section below entitled "Assumptions Regarding Legal Costs" for detail
Pepperdine University – Professor Sukhsimranjit Singh	\$12,500	\$0	<ul style="list-style-type: none"> • Purpose: Facilitation services • Short-term engagement • Convene meetings of interested parties to discuss issues related to housing rents • No services in second year are assumed in this budget
Community Preservation Program	\$80,200	\$125,500	<ul style="list-style-type: none"> • Purpose: Enforcement • Internal service agreement for ongoing enforcement services related to habitability and substandard housing violations, as well as new enforcement efforts focused on new rent stabilization protections • Costs shown are salaries and benefits for one code enforcement officer position at current rates for first two fiscal years
Information Technology	\$52,500	\$82,100	<ul style="list-style-type: none"> • Purpose: IT and web support • Internal service agreement • Costs shown are for salary and benefits for .5 FTE systems integrator at current rates for first two fiscal years • Ongoing maintenance of website related to rent stabilization program • Ongoing development of registry, connection to other programs and potential billing solutions
City Manager's Office of Communications	No charges to program	No charges to program	<ul style="list-style-type: none"> • Purpose: Communications support • Internal service agreement • Assist in the preparation of written materials, review communication tools and other communications services as needed
Management Partners	\$98,000	\$0	<ul style="list-style-type: none"> • Purpose: Project management and consulting services • Short-term engagement • Provide start-up project management, prepare implementation action plan, develop staffing plan, identify program costs • No services in second year are assumed in this budget

Proposed Provider	Estimated Cost March 1, 2017 – June 30, 2018	Estimated Cost July 1, 2018- June 30, 2019	Agreement and Contract Description, Status and Scope
TOTAL EXTERNAL AND INTERNAL SERVICE AGREEMENTS	\$605,300	\$583,600	Includes both internal and external contract services which includes a new position in Community Preservation and .5 position in Information Technology
TOTAL EXTERNAL CONTRACTS ONLY	\$472,500	\$376,000	Includes only external service providers

Assumptions Regarding Appeals

Landlords and/or tenants may appeal certain determinations related to the rent stabilization ordinance. These may include appeals of the following:

- Requests for rent adjustments,
- Amount of permissible rent, and
- Eligibility for relocation benefits.

The rent stabilization ordinance specifies that appeals of rent adjustments will be heard by an administrative hearing officer. We assume, therefore, that appeals of permissible rent and eligibility of relocation benefits will also be heard by a hearing officer. A further analysis of costs would be required should the City choose another approach to handling appeals.

Assumptions Regarding Legal Costs

Two types of legal costs will be incurred for the rent stabilization program as follow:

- (a) **Hearing Officers:** These will be needed for three types of appeals noted above. The cost estimate is based on \$200 per hour but the actual hourly rate is unknown because the City is currently in the process of receiving proposals from potential hearing officers. For purposes of creating a budget estimate, Management Partners is assuming three hours per case. We are estimating a caseload for hearing officers at 3% of the total rent stabilized units of 8,600, which assumes 258 cases. With three hours each, this is approximately 774 hours, which totals \$154,800. We are proposing an initial budget of \$155,000 with a contingency of \$50,000 in case there are more appeals than estimated.

For perspective, the City of West Hollywood heard 1560 cases which is 9.3% of its 16,805 rent stabilized units. The City of Santa Monica heard 323 cases which is 1.2% of its 27,542 rent stabilized units. The City of Berkeley heard 441 cases which is 2.3% of its 19,093 rent stabilized units.

- (b) **Other Specialized Legal Services:** The City Attorney's Office will be called upon to provide specialized assistance in interpreting the ordinance, reviewing each appeal and conducting

legal research related to the ordinance. These costs are in addition to the regular work of the City Attorney's Office which are charged on an overhead basis to all City departments (e.g., reviewing staff reports or contracts, providing legal advice).

Table 8 shows the estimated legal costs assumed in the rent stabilization program budget.

Table 8. Estimated Legal Costs Associated with Rent Stabilization Program

Expense Type	Cost
Hearing Officer	\$155,000
Contingency	\$50,000
Specialized Legal Services	\$100,000
Total Cost	\$305,000

(2) Estimated Rent Stabilization Division Staffing Costs

Table 9 contains a summary of the staffing costs by position for the first two years of the rent stabilization program. The first column shows the position. The second column indicates the monthly salary as of September 30, 2017. The third column shows eight months of compensation (salary and benefits) since we are assuming it will take four months for the hiring process. The last column shows the full year costs for FY 2018-19.

Table 9. Estimated Staffing Costs for FY 2017-18 and FY 2018-19

Position	Monthly Salary as of 9/30/17 ¹	Total Salary and Benefits FY 2017-18 (Eight Months) ²	Total Salary and Benefits FY 2018-19
Deputy Director of Rent Stabilization ³	\$12,382	\$147,700	\$230,900
Senior Management Analyst	\$7,940	\$94,800	\$148,100
Management Analyst (2)	\$13,932	\$175,300	\$274,300
Customer Service Representative (2)	\$9,760	\$197,700	\$204,300
Code Enforcement Officer	\$6,384	\$80,200	\$125,500
Secretary (50%)	\$2,465	\$32,900	\$51,500
Systems Integrator (50%)	\$4,379	\$52,600	\$82,100
Overtime	\$0	\$6,500	\$6,500
Total Salaries and Benefits		\$787,700	\$1,123,200

¹Salaries were provided by the City and were calculated at step 3 for all positions except the Deputy Director, which is budgeted at step 4.

²Benefits data were provided by the City and the numbers are rounded up to the nearest hundred dollars.

³Newly created position with salary equivalent to Deputy Director of Transportation.

(3) Estimated Materials, Supplies, Capital Outlay and Internal Service Fund Costs

Table 10 contains a summary of program costs including materials, supplies, capital outlay and internal service fund costs.

Table 10. Estimated Other Program Costs Excluding Staffing and Contracts

Expense	FY 2017-18 Total	FY 2018-19 Total
Postage and Mailing	\$30,000	\$30,000
Publication of Notices	\$7,000	\$7,000
Copying and Duplicating	\$13,000	\$8,000
Office Supplies ¹	\$5,000	\$5,000
Cell Phone Expenses	\$7,000	\$7,000
Training and Conferences	\$8,000	\$8,000
Vehicle Mileage	\$10,000	\$10,000
Total Materials, Supplies and Training	\$80,000	\$75,000
Furniture Purchases	\$35,000	\$0
Computers	\$35,000	\$0
Cell Phone Purchases	\$7,000	\$0
Total Capital Outlay	\$77,000	\$0
Total	\$157,000	\$75,000

¹Includes \$1,000 for books and subscriptions.

(4) Summary of Program Costs

Table 11 sets forth our preliminary estimate of the rent stabilization program costs over two years. These were developed in consultation with City staff. The first column lists the major categories. The second column shows the start-up and year one (FY 2017-18) program costs. The third column provides an estimate of the second-year program costs (FY 2018-19). The start-up and year one costs are expected to be \$1,492,200, of which \$250,000 has already been appropriated. The FY 2018-19 costs are expected to be \$1,649,200, with a cost over two years of \$3,141,400. The second year includes increases to CalPERS rates that are known now.

Table 11. Summary of First Two Years of Estimated Program Costs

Category	Year One with Start-up Costs March 1, 2017 to June 30, 2018	Second Year Costs July 1, 2018 to June 30, 2019	Total Two-Year Costs	Comments
Salaries and Benefits	\$787,700	\$1,123,200	\$1,910,900	<ul style="list-style-type: none"> Assumes salaries and benefits for six new staff for eight months in FY 2017-18 and 12 months in FY 2018-19 Assumes two full time customer service representatives for 12 months in FY 2017-18 See Table 10 for detail

Category	Year One with Start-up Costs March 1, 2017 to June 30, 2018	Second Year Costs July 1, 2018 to June 30, 2019	Total Two-Year Costs	Comments
Materials, Supplies and Training	\$80,000	\$75,000	\$155,000	See Table 11 for detail
External Contractual Services	\$472,500	\$376,000	\$848,500	See Table 8 for detail
Capital Outlay	\$77,000	\$0	\$77,000	See Table 11 for detail
Contingency	\$75,000	\$75,000	\$150,000	As a new program, unexpected expenses or needs may arise (e.g., more requirements for public outreach, additional contractual services). Other rent stabilization programs in California have reserve funds.
Grand Total¹	\$1,492,200²	\$1,649,200	\$3,141,400	

¹Rounded up to the nearest hundred dollars.

²The City Council has already appropriated \$250,000 toward these start-up costs.

(5) Five-Year Projections

To provide a multi-year perspective on the cost of the rent stabilization program, Table 12 shows a five-year budget forecast (which assumes increased costs as with any City program). CalPERS costs are also known to be increasing for all member agencies and other costs can be expected to rise. The forecast beginning in FY 2019-20 assumes an annual cost increase of 2% for salaries, 5% for benefits and 2% for non-personnel expenditures.

Table 12. Five-Year Budget Projections for the Rent Stabilization Program¹

	FY 2017-18	FY 2018-19	FY 2019-20 ²	FY 2020-21	FY 2021-22
Personnel Costs	\$787,700	\$1,123,200	\$1,157,700	\$1,193,800	\$1,231,300
Non-Personnel Costs	\$704,500	\$526,000	\$536,600	\$547,300	\$558,200
Total Projected Costs	\$1,492,200³	\$1,649,200	\$1,694,300	\$1,741,100	\$1,789,500

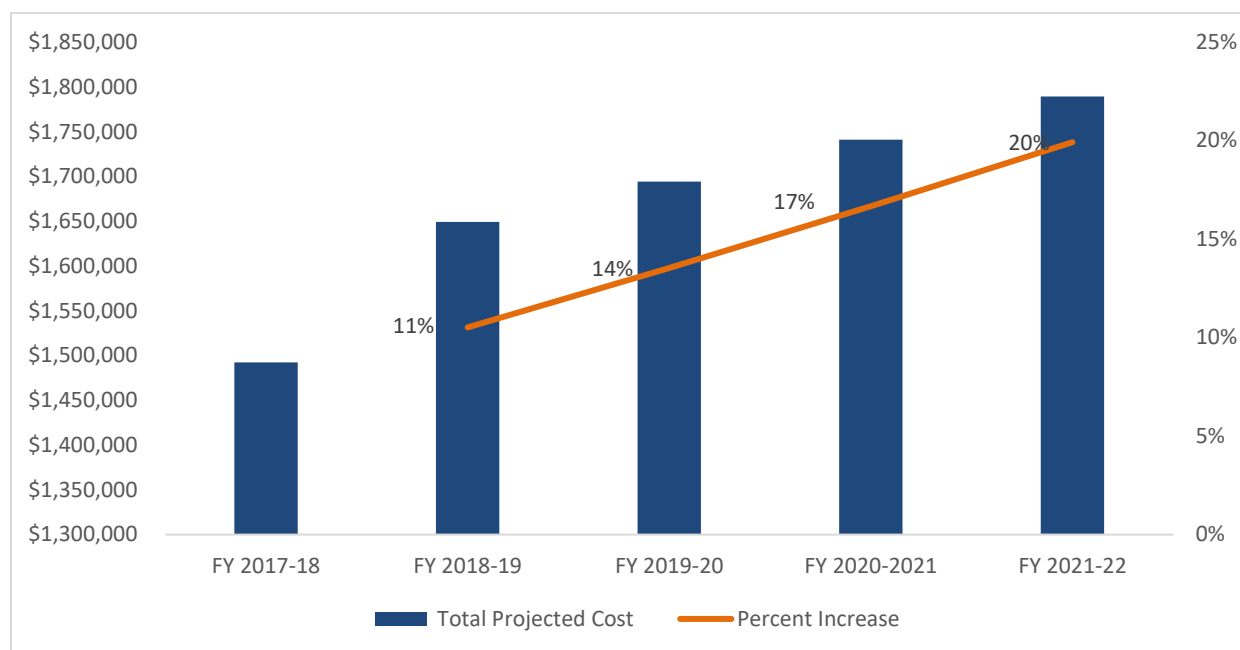
¹March 1, 2017 to June 30, 2018.

²Figures include a 2% increase beginning in FY 2019-20 for salary costs, a 5% increase in benefit costs and a 2% increase for non-personnel costs.

³Figure represents the total start-up program cost; the City Council has already appropriated \$250,000 toward these start-up costs.

Figure 7 shows the percentage increases on a total program basis over each of the five years. Costs are expected to increase by approximately 20% over the five years.

Figure 7. Percentage Cost Increases Over Five Years



H. Fee Implications

Most cities that have adopted rent stabilization programs have also established annual fees to cover the costs of providing the services. The logic is that such programs do not impact the general public, but rather benefit a subset of landlords and tenants who derive stability and certainty from the program. In circumstances such as this where a unique benefit is established for a subset of individuals, user fees may be appropriate. However, such fees must bear a nexus to the actual costs incurred in administering the program. While addressing fees was not part of our scope of work, nonetheless, it is an important and critical item to address as soon as possible, if the City determines it will establish fees.

Having a five-year perspective on program costs is important as fees are set, since program costs will not remain static over time. It is also likely that additional staffing will be needed if program demands exceed the staffing proposed in this analysis. Further, even if staffing levels stay the same, due to CalPERS costs, internal service funds, vendor costs, office expenses and other items, the program budget will increase over time. Therefore, it is expected that any fees would also increase.

Important factors to consider as fees are established include:

- Establishing a clear City policy with respect to program costs and fee recovery;
- Determining whether all start-up costs are expected to be recovered through fees (and over what time period);
- Ensuring all direct program costs are included;

- Determining to what extent overhead (department and city) costs are included in the fee calculation; and
- Establishing a reserve for unexpected expenses (consistent with the City's reserve policy).

I. Conclusion

The City intends for the new rent stabilization program to be partially operational by August 30, 2017 and fully operational by late December 2017. These dates will be challenging because of the need to recruit for the positions. The first priority for recruitment is the deputy director position but all positions should be recruited simultaneously. It is a significant undertaking to set up a new City program, hire and orient staff and contractors, and begin to provide services to the public. The costs are significant and the City will need to follow up on various program issues, such as whether to implement fees.

Attachment A: Rent Stabilization Program – Implementation Action Plan

This implementation action plan identifies the key activities and steps known at this time needed to implement the City's rent stabilization program. This action plan should be considered a working document, to be updated by staff as progress is made and/or as new tasks are identified.

The document is organized into five sections, as follow:

- A. ***Program Set-Up:*** This includes staffing, software implementation, setting up the office, obtaining hearing officer services, developing public communications materials, and considering potential program fees.
- B. ***Rental Housing Registration:*** This includes developing registration guidelines and materials, holding workshops, providing technical assistance, and creating guidelines for rent appeals.
- C. ***Relocation Fees:*** This includes developing guidelines for administration of relocation fees per the ordinance and handling appeals.
- D. ***Rent Adjustments:*** This includes developing guidelines for handling rent adjustments.
- E. ***Ordinance Enforcement:*** This includes determining what processes need to be changed regarding enforcement to accommodate the new ordinance, and establishing communication protocols between Community Preservation and Rent Stabilization.

Implementation Action Plan

Activity		Schedule
A. Program Set-Up		
Recruit and Hire Staff		
1.	Hire temporary customer service representatives	May – July 2017
2.	Train temporary customer service representatives	July - August
3.	Prepare for recruitment of permanent program staff	June – August
4.	Adopt program budget and staffing	June – July
5.	Hire rent stabilization program staff	August – December
6.	Train permanent staff	August – October
Implement Database and Registration Software		
7.	Manage contract with software vendor to ensure that program is implemented on time and remains current	May – August
Set Up New Office		
8.	Set up rent stabilization offices	August – September
Legal and Administrative Hearing Services		
9.	Engage Hearing Officers	June – July
10.	Agreement with City Attorney's Office for specialized legal services	August - September
Develop Public Communication Materials		
11.	Develop public educational and outreach materials	June - September
12.	Agreement with City Manager's Office for Community Outreach	August – September
Create Internal Service Agreement for Code Enforcement		
13.	Agreement with Community Preservation for Program Enforcement	August
Determine Whether to Establish Program Fees		
14.	Establish Fee Schedule	August – December
15.	Internal service agreement with Finance Department for financial and billing support	November – December
16.	Implement initial billing cycle	January 2018
B. Rental Housing Registration		
17.	Develop policies and procedures for rental housing registration program	June – July
18.	Set initial registration start date and registration due date (30 days after)	Completed
19.	Determine data to be collected and develop forms needed to collect data	Completed
20.	Hold two community meetings on rental housing program requirements	June
21.	Define internal processes for registering properties	June – July
22.	Prepare the Registration packet for mailing	June – July
23.	Distribute registration packet to landlords	June – July
24.	Establish schedule for individual technical assistance meetings with landlords in City Hall to complete their registration forms	June – July
25.	Hold two registration workshops - One-on-one Assistance	July - August
26.	Monitor rental registration period	July 24 – August 23
27.	Create process for handling rent appeals	July – August
28.	Complete initial registration applications	July – September
29.	Complete certification of permissible rents including appeals of all rental housing units	Before January 24, 2018

Activity		Schedule
C. Relocation Fees		
30.	Draft policy guidelines for administering relocation fees	June – July
31.	Develop forms and internal processes needed to administer the relocation fee program	June
32.	Establish escrow process for landlord deposits of relocation fees	July – October
33.	Create process for handling relocation fee appeals	July – August
D. Rent Adjustments		
34.	Develop rent adjustment guidelines	June – July
35.	Determine list of relevant data that will be required to analyze rent adjustment requests	July – August
36.	Define internal processes for rent adjustment process	June – July
37.	Create process for handling rent adjustment appeals	July—September
E. Ordinance Enforcement		
38.	Determine internal processes for handling ordinance violations	June – August
39.	Develop complaint forms	June – August

Attachment B: Work Function Analysis for Rent Stabilization Division Positions

Table 13. Work Function Analysis for Rent Stabilization Division Positions: Customer Service Representative, Management Analyst, and Senior Management Analyst

Work Functions	Estimated Volume	Customer Service Representative		Management Analyst		Senior Management Analyst		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Respond to landlord and tenant questions (volume @ 60%)	5160	0.20	0.57					0.57
Advise the public on procedures for resolving issues (volume @ 25%)	2150	0.17	0.20					0.20
Document and process questions requiring legal interpretation and clarification (volume @ 10%)	860	0.20	0.10					0.10
Provide clerical and administrative support (volume @ 100%)	8600	0.20	0.96					0.96
Provide clerical support for organizing community meetings	4	4	0.01					0.01
Rent analysis follow up (volume @ 100%)	8600	0.10	0.48					0.48
Conduct rent analyses (volume @ 100%)	8600			0.20	0.96			0.96



Work Functions	Estimated Volume	Customer Service Representative		Management Analyst		Senior Management Analyst		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Assist with informal resolution of issues (volume @15%)	1290			0.50	0.36			0.36
Accept landlord and tenant complaints and develop information as needed for administrative hearings (volume @ 3%)	258	0.33	0.05	3	0.43			0.48
Prepare reports for hearing officer (volume @ 3%)	258	0.20	0.03	1.50	0.22			0.25
Determine relocation benefits (volume @ 5%)	430			0.75	0.18			0.18
Manage contract with database vendor	1					180.0	0.08	0.08
Serve as lead for management analyst team	n/a					450.0	0.25	0.25
Assist with resolution of complex issues (volume @ 15%)	1290					0.33	0.24	0.24
Oversee staff work related to appeals (volume @ 8%)	688					0.30	0.12	0.12



Work Functions	Estimated Volume	Customer Service Representative		Management Analyst		Senior Management Analyst		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Manage program budget	n/a					270.0	0.15	0.15
Manage billing services, as necessary, through internal service agreement with Finance Department	n/a					270.0	0.15	0.15
Plan and coordinate community meetings	4					10.0	0.02	0.02
TOTAL FTEs			2.40		2.15		1.01	8.65

¹The FTE calculation is based on 1,800 effective hours per employee/year, which is a 13% reduction from the total 2,080 hours per year. This reduction accounts for leave time, vacation, training, administrative and other duties when employees are not available to perform their core duties.



Table 14. Work Function Analysis for Rent Stabilization Division Positions: Code Enforcement Officer, Secretary, Systems Integrator and Deputy Director of Rent Stabilization

Work Functions	Estimated Volume	Code Enforcement Officer		Secretary		Systems Integrator		Deputy Director of Rent Stabilization		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Conduct habitability inspections based on complaints (estimated increase of complaints @ 20%)	199	3.25	0.36							0.36
Provide enforcement support for rent stabilization violations as determined by rent stabilization staff (estimated increase of complaints @20%)	754	1.75	0.73							0.73
Compile and maintain records	n/a			300	0.17					0.17



Work Functions	Estimated Volume	Code Enforcement Officer		Secretary		Systems Integrator		Deputy Director of Rent Stabilization		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Provide administrative support	n/a			400	0.22					0.22
Prepare notices and minutes for hearings	n/a			200	0.11					0.11
Provide ongoing IT support	n/a					450	0.25			0.25
Manage rent stabilization information on website	n/a					450	0.25			0.25
Interface with Community Development, other City departments and City Attorney	n/a							400	0.22	0.22
Supervise the communication function, manage the message and serve as primary voice for the program	n/a							350	0.20	0.20



Work Functions	Estimated Volume	Code Enforcement Officer		Secretary		Systems Integrator		Deputy Director of Rent Stabilization		TOTAL FTEs
		Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	Estimated Task Time (Hours)	Full-Time Equivalent (FTE) Positions ¹	
Manage internal service agreements for code enforcement and communications services	n/a							350	0.20	0.20
Manage the program	n/a							700	0.38	0.38
TOTAL FTEs			1.09		0.50		0.50		1.00	8.65

¹The FTE calculation is based on 1,800 effective hours per employee/year, which is a 13% reduction from the total 2,080 hours per year. This reduction accounts for leave time, vacation, training, administrative and other duties when employees are not available to perform their core duties.



APPENDIX E

PROFESSIONAL SERVICES CONTRACT TEMPLATE

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
[CONSULTANT'S NAME] FOR [BRIEFLY DESCRIBE PURPOSE
OF THIS CONTRACT]

NAME OF CONSULTANT: insert name of consultant

RESPONSIBLE PRINCIPAL OF CONSULTANT: insert name, title of responsible principal

CONSULTANT'S ADDRESS: insert street address
insert city, state, zip code
Attention: insert dept. head name, title

CONSULTANT'S E.I.N./TAX I.D. NO.: insert consultant Tax I.D.

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: [Dept. Head's Name, Title]

COMMENCEMENT DATE: insert commencement date

TERMINATION DATE: insert termination date

CONSIDERATION: Not to exceed \$ insert amount

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
[CONSULTANT NAME] FOR [BRIEFLY DESCRIBE PURPOSE
OF CONTRACT]

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "CITY"), and [CONSULTANT Name], (hereinafter called "CONSULTANT").

RECITALS

A. CITY desires to have certain services and/or goods provided as set forth in Exhibit A (the "Scope of Work"), attached hereto and incorporated herein.

B. CONSULTANT represents that it is qualified and able to perform the Scope of Works.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONSULTANT's Scope of Work. CONSULTANT shall perform the Scope of Work described in Exhibit A in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. CITY shall have the right to order, in writing, changes in the Scope of Work. Any changes in the Scope of Work by CONSULTANT must be made in writing and approved by both parties. The cost of any change in the Scope of Work must be agreed to by both parties in writing.

Section 2. Time of Performance. CONSULTANT shall commence its services under this Agreement upon the Commencement Date or upon a written receipt of a notice to proceed from CITY. CONSULTANT shall complete the performance of services by the Termination Date set forth above.

☐ The City Manager or his designee may extend the time of performance in writing for two additional one-year terms or such other term not to exceed two years from the date of termination pursuant to the same terms and conditions of this Agreement.

Section 3. Compensation.

(a) Compensation

If compensation is based on an hourly rate

☐ CITY agrees to compensate CONSULTANT for the services and/or goods provides under this Agreement, and CONSULTANT agrees to accept in full satisfaction for such services, a sum not to exceed the Consideration set forth above and more particularly described in Exhibit B, attached hereto and incorporated herein, based on the hourly rates set forth in Exhibit B.

If compensation is based on a flat fee

☐ CITY agrees to compensate CONSULTANT for the services and/or goods provides under this Agreement, and CONSULTANT agrees to accept in full satisfaction for such services, a sum not to exceed the Consideration set forth above and more particularly described in Exhibit B.

(b) Expenses

If no reimbursable expenses

☐ The amount set forth in paragraph (a) shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement (including, but not limited to, all labor, materials, delivery, tax, assembly, and installation, as applicable). There shall be no claims for additional compensation for reimbursable expenses.

If CITY reimburses for certain expenses in addition to compensation

☐ CONSULTANT shall be entitled to reimbursement only for those expenses expressly set forth in Exhibit B. Any expenses incurred by CONSULTANT which are not expressly authorized by this Agreement will not be reimbursed by CITY.

(c) Additional Services. CITY may from time to time require CONSULTANT to perform additional services not included in the Scope of Work. Such requests for additional services shall be made by CITY in writing and agreed upon by both parties in writing.

Section 4. Method of Payment. CITY shall pay CONSULTANT said Consideration in accordance with the method and schedule of payment set forth in Exhibit B.

Section 5. Independent Contractor. CONSULTANT is and shall at all times remain, as to CITY, a wholly independent contractor. Neither CITY nor any of its agents shall have control over the conduct of CONSULTANT or any of CONSULTANT's employees, except as herein set forth. CONSULTANT shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

Section 6. Assignment. This Agreement shall not be assigned in whole or in part, by CONSULTANT without the prior written approval of CITY. Any attempt by CONSULTANT to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

Section 7. Responsible Principal(s)

(a) CONSULTANT's Responsible Principal set forth above shall be principally responsible for CONSULTANT's obligations under this Agreement and shall serve as principal liaison between CITY and CONSULTANT. Designation of another Responsible Principal by CONSULTANT shall not be made without prior written consent of CITY.

(b) CITY's Responsible Principal shall be the City Manager or his designee set forth above who shall administer the terms of the Agreement on behalf of CITY.

Section 8. Personnel. CONSULTANT represents that it has, or shall secure at its own expense, all personnel required to perform CONSULTANT's Scope of Work under this Agreement. All personnel engaged in the work shall be qualified to perform such Scope of Work.

Section 9. Permits and Licenses. CONSULTANT shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

Section 10. Interests of CONSULTANT. CONSULTANT affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Scope of Work contemplated by this Agreement. No person having any such interest shall be employed by or be associated with CONSULTANT.

Section 11. Insurance.


(a) CONSULTANT shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by CONSULTANT.

(2) A policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by CONSULTANT in performing the Scope of Work required by this Agreement.

(3) Workers' compensation insurance as required by the State of California.

(4) Professional Liability Insurance

 A policy or policies of Professional Liability Insurance (errors and omissions) with minimum limits of One Million Dollars (\$1,000,000) per claim and in the aggregate. Any deductibles or self-insured retentions attached to such policy or policies must be declared to and be approved by CITY. Further, CONSULTANT agrees to maintain in full force and effect such insurance for one year after performance of work under this Agreement is completed.

(b) CONSULTANT shall require each of its sub-consultants to maintain insurance coverage which meets all of the requirements of this Agreement.

(c) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a A+;VII in the latest edition of Best's Insurance Guide.

(d) CONSULTANT agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either immediately terminate this Agreement or, if insurance is

available at a reasonable cost, CITY may take out the necessary insurance and pay, at CONSULTANT's expense, the premium thereon.

(e) At all times during the term of this Agreement, CONTRACTOR shall maintain on file with the City Clerk a certificate or certificates of insurance on the form set forth in Exhibit C, attached hereto and incorporated herein, showing that the aforesaid policies are in effect in the required amounts. CONTRACTOR shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The general liability insurance shall contain an endorsement naming the CITY as an additional insured. CONTRACTOR shall provide CITY with thirty (30) days prior written notice if the policies required under this Agreement will be canceled or reduced. All of the policies required under this Agreement shall state that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(f) The insurance provided by CONSULTANT shall be primary to any coverage available to CITY. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(g) Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, CONSULTANT shall either reduce or eliminate the deductibles or self-insured retentions with respect to CITY, or CONSULTANT shall procure a bond guaranteeing payment of losses and expenses.

(h) The insurance coverage amounts required under the Agreement do not limit CITY's right to recover against CONSULTANT and its insurance carriers.

Section 12. Indemnification. CONSULTANT agrees to indemnify, hold harmless and defend CITY, City Council and each member thereof, and every officer, employee and agent of CITY, from any claim, liability or financial loss (including, without limitation, attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONSULTANT or any person employed by CONSULTANT in the performance of this Agreement.

Section 13. Termination.

(a) CITY shall have the right to terminate this Agreement for any reason or for no reason upon five calendar days' written notice to CONSULTANT. CONSULTANT agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by CITY, due to no fault or failure of performance by CONSULTANT, CONSULTANT shall be paid based on the percentage of work satisfactorily performed at the time of termination. In no event shall CONSULTANT be entitled to receive more than the amount that would be paid to CONSULTANT for the full performance of the services required by this Agreement. CONSULTANT shall have no other claim against CITY by reason of such termination, including any claim for compensation.

Section 14. CITY's Responsibility. CITY shall provide CONSULTANT with all pertinent data, documents, and other requested information as is available for the proper performance of CONSULTANT's Scope of Work.

Section 15. Information and Documents. All data, information, documents and drawings prepared for CITY and required to be furnished to CITY in connection with this Agreement shall become the property of CITY, and CITY may use all or any portion of the work submitted by CONSULTANT and compensated by CITY pursuant to this Agreement as CITY deems appropriate.

Section 16. Records and Inspections. CONSULTANT shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years. CITY shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make copies and transcripts therefrom, and to inspect all program data, documents, proceedings and activities.

Section 17. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth above, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

Section 18. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded

Section 19. Entire Agreement. This Agreement represents the entire integrated agreement between CITY and CONSULTANT, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both CITY and CONSULTANT.

Section 20. Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

Section 21. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 22. CITY Not Obligated to Third Parties. CITY shall not be obligated or liable under this Agreement to any party other than CONSULTANT.

Section 23. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

EXECUTED the ____ day of _____ 20____, at Beverly Hills,
California.

CITY OF BEVERLY HILLS
A Municipal Corporation

Name: Dept Head/Dir. of Fin./CM
Title

CONSULTANT:

Name:
Title:

Name:
Title:

APPROVED AS TO CONTENT:

Dept. Head Name:
Title:

Risk Manager Name:
Risk Manager

EXHIBIT A
SCOPE OF WORK

CONSULTANT shall perform the following services:

EXHIBIT B

SCHEDULE OF PAYMENT AND RATES

(a) [Rates/Compensation]

(b) CONSULTANT shall submit to CITY a detailed invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within 30 days of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice. CITY shall pay CONSULTANT said Consideration in accordance with the schedule of payment set forth in this Exhibit.



EXHIBIT C

CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

NAMED INSURED

COMPANIES AFFORDING COVERAGE

A.
B.
C.

ADDRESS

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	B.I.	<u>LIMITS</u> P.D.	AGGREGATE
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONSULTANT'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the City of Beverly Hills, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the City of Beverly Hills and the named insured is covered under the policy: CONSULTANT agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of CONSULTANT's officers, employees, agents or others employed by CONSULTANT while engaged by CONSULTANT in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the City of Beverly Hills.

In the event of cancellation or material change in the above coverage, the company will give 30 days written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: _____

BY: _____
Authorized Insurance Representative

AGENCY: _____

TITLE: _____

ADDRESS: _____

RM02.DOC REVISED 10/14/96.