

ANNUAL REPORT **2015**



City of West Hollywood
RENT STABILIZATION AND HOUSING

Table of Contents

Cover photos by Tony Coelho

page **1**
INTRODUCTION

page **2**
TRENDS AFFECTING HOUSING

page **7**
ACTIVITIES OF RENT STABILIZATION & HOUSING DIVISION

page **10**
ADDRESSING HOUSING NEEDS IN THE COMMUNITY

page **12**
FUNDING AFFORDABLE HOUSING DEVELOPMENT

page **14**
RENT STABILIZATION COMMISSION

page **18**
LEGAL SERVICES AND LEGISLATIVE AFFAIRS DIVISION

page **21**
RESIDENTIAL HOUSING INVENTORY AND RSO RENTS

page **27**
LOOKING AHEAD TO 2016

INTRODUCTION

2015

The City of West Hollywood has demonstrated its commitment to maintaining existing housing while at the same time requiring affordable housing to be included in new multi-family residential buildings. Since incorporation, the City has protected tenants against large rent increases and unwarranted eviction, and has established minimum property maintenance standards and other measures through the City's Rent Stabilization Ordinance (RSO) aimed at improving quality of residential life, a core value of the City.

West Hollywood needs a range of affordable housing. In 2015, the California Department of Finance estimated there were 23,012 households in the city.¹ Based on the Southern California Association of Government's (SCAG) estimated housing needs assessment² the number of households in West Hollywood qualifying for very low and low-income housing was 40.5 percent, or 9,320 households. The City addresses housing needs for low wage earning individuals and households in the community in part, by limiting rent increases through the RSO, requiring inclusionary housing to be included in new housing developments³, and by building affordable housing through partnerships with non-profit housing providers.

The state has limited the City's ability to control rents through the Costa-Hawkins Act, which allows landlords to increase rents to the market rent when a unit becomes vacant. Rents in West Hollywood have increased 16 percent on average for the two years since 2013. This

has prevented community members from being able to move when their housing needs change. According to the Housing Rights Center, however, the Federal Fair Housing Act requires landlords to allow tenants who can no longer easily access their current unit to move to a more accessible unit when one is available in the same building. Under rent stabilization, tenants who move under this provision would keep their current rent payment. In 2015 the Division gathered information on unit transfers and in 2016 will develop materials to assist tenants so that they understand and exercise their rights.

Unit transfers are only one action for addressing Aging in Place, which is defined as the ability of older adults to remain in the housing of their choice over the course of their life. In 2015, the Rent Stabilization and Housing Division collaborated with Social Services, Arts, Planning and other divisions to refine the draft Aging In Place/Aging In Community 5-Year Strategic Plan. Based on feedback from the community, the strategic plan will build on policies already in place with a particular focus on housing specifically designed or retrofitted for older and/or disabled adults.

Within the State of California and the Los Angeles region there are serious challenges in terms of the availability of housing for very low, low, and moderate-income households. In the face of these challenges, the City of West Hollywood will remain steadfast in its commitment to preserving rent stabilization and increasing affordable housing options.

¹ California Department of Finance, 2015

² Southern California Association of Governments, 5th Cycle Regional Housing Needs Assessment Final Allocation Plan, 1/1/2014-10/1/2021. August 29, 2012 <http://rtpscsc.scag.ca.gov/Documents/rhna/5thCyclePFinalRHNAplan.pdf>

³ Generally, paying the affordable housing in-lieu fee is an option for projects with 10 or fewer residential units.

TRENDS AFFECTING HOUSING

photo by Tony Coelho

According to the April 2015 California Housing Partnership Corporation⁴ report, California leads the nation in poverty rates, overcrowded rental homes, and severely rent-burdened households. California also leads the nation with the largest shortage of affordable rental homes.

Rent affordability remains a significant issue throughout the Los Angeles area and locally in West Hollywood. According to a UCLA study, the Los Angeles area has become one of the least affordable places to live in the country.⁵ Though rents tend to be slightly lower than other metropolitan areas such as New York and San Francisco, incomes in Los Angeles also tend to be lower. The result is low-income households continue to face challenging rent burdens, and it is more common for middle-class households to become rent-burdened.

AFFORDABILITY IS AN ISSUE ACROSS THE COUNTRY



Housing costs play a critical role in the economic stability of lower-income families as well as influencing their physical and psychological wellbeing. For those renters with lower incomes, housing costs consume a large and growing portion of their earnings, leaving little to spend on other essential needs such as transportation, food, and healthcare, driving more households into poverty.^{2,3,6} The lack of an affordable home can undermine family health and children's educational attainment and future opportunities.^{7,8}

West Hollywood's population is established and relatively stable. An estimate, based on California Department of Finance data⁹, shows that between 2000 and 2014 West Hollywood's population was on average 35,284, with the population increasing or decreasing slightly each year. The population was up to 36,255 in 2004 and down to 34,399 in 2010. Still, West Hollywood has seen similar trends as

the region with rents for new tenants who move into rent-stabilized units increasing on average by 16 percent from December 2013 to December 2015. Further, the City of West Hollywood's Housing Element Technical Background Report indicates more than 50 percent of renter households are considered rent-burdened with housing costs above 30 percent of their income, and 27 percent of households are considered severely rent-burdened with housing costs above 50 percent of their income.

As a team, the Rent Stabilization and Housing Division, Legal Services and Legislative Affairs Division, and the City's legislative advocate in Sacramento stay informed regarding policy decisions that affect housing. The team actively encourages the California legislature to create new funding mechanisms, advocates reforms to the Ellis Act, and supports tenant's rights legislation.

⁴ The State Legislature created the California Housing Partnership in 1988 to help preserve California's existing supply of affordable homes and to provide leadership on affordable housing policy and resource issues. www.chpc.net

⁵ Center for the Study of Inequality, UCLA Luskin School of Public Affairs. "Impacts of the Widening Divide: Los Angeles at the Forefront of the Rent Burden Crisis." (September 2015).

⁶ Joint Center for Housing Studies of Harvard University. "The State of the Nation's Housing 2015." (June 2015). http://www.jchs.harvard.edu/research/state_nations_housing

⁷ Center for Housing Policy. "The Impact of Affordable Housing on Health." May 2011. http://nhc.org/media/files/Insights_HousingAndHealthBrief.pdf

⁸ Center for Housing Policy. "The Impact of Affordable Housing on Education." May 2011. http://www.nhc.org/Education_Insights_finalv4_web.pdf

⁹ Profile of the City of West Hollywood, Local Profiles Report, 2015. Southern California Association of Governments. May 2015 <https://www.scag.ca.gov/Documents/WestHollywood.pdf>

REMOVAL OF RENTAL UNITS FROM THE MARKET

Under California's Ellis Act¹⁰, property owners have the right to remove apartment buildings from the rental market. From January 1, 1986 through December 31, 2015, owners removed 764 units in 203 properties in West Hollywood under the Ellis Act. Specifically in 2015, owners withdrew 58 units in 11 buildings from the market.

Because State law does not require property owners to disclose their business purpose in removing a property from the rental market, the City does not know if owners are in the process of changing the property's use or gaining approval for a new development. Therefore, the Rent Stabilization and Housing and Code Compliance Divisions keep watch on vacant buildings to make certain that there is no illegal re-renting of the units and that health and safety nuisances do not occur.

Staff members make certain landlords fully understand the legal timelines and relocation requirements for removing property using the Ellis Act. In addition, staff members assist tenants through the relocation process and, especially in the case of disabled, low-income, or senior households, make sure they have up to a full year to find new housing. The City requires property owners to pay tenants a relocation fee, and to cover the costs of providing tenants with relocation services. Further, tenants being displaced by the Ellis Act are a high priority for the City's low and moderate-income housing program while they seek new housing.

The table below highlights the status of properties removed from the rental market using the Ellis Act between 1986, when the Ellis Act came into effect, and October 12, 2016.

Properties Removed from the Rental Market Using the Ellis Act and Current Uses as of October 12, 2016

Current Status of Properties Removed Using Ellis	Removed Properties	Removed Units	Current Units	**Proposed Units
Converted to Single Family Residence	37	96	45	
Off Market (No Changes to Property)	68	186	186	
New Construction	45	187	391	
New Construction Pending	21	94	80	298
Returned to Market	16	75	72	
*Change of Use	16	126	128	22
Total	203	764	902	320

*The "Change of Use" category includes properties converted to uses such as bed and breakfast lodging, non-profit affordable housing, and commercial or hotel uses.

**The "Proposed Units" category includes projects currently under construction, approved for construction, and currently under review by the City.

Properties Removed from the Rental Market Using the Ellis Act Percentage of Subsequent Uses

Status	Percent
Off Market <i>Converted to Single Family Residences, or off market (owner occupied)</i>	51.7%
New or pending construction	32.5%
Returned to Market	7.9%
Change of Use <i>(Bed & Breakfast, etc.)</i>	7.9%
Total	100%

The chart above provides information on how properties were repurposed following removal from the market. Often converted to other uses, smaller properties become single-family homes and larger properties can eventually return to the market.

Approximately 52 percent of Ellis'd properties have remained off the market either with no changes or with a reduced number of units. This is typically from two or three units to a single family home. Therefore, the most common use of property after removal from the rental market is for private residential purposes, either through reducing the number of units to a single family home, or by owner occupation of the property as is. New residential construction and pending construction accounts for 32.5 percent of properties removed.

¹⁰ The Ellis Act is a state law that allows property owners to remove a building from the rental housing business. This means that jurisdictions cannot prohibit owners from removing rent stabilized units from the rental market. In fact, landlords may file an Ellis Act eviction to change the use of the building rather than sell it.

Legislative Advocacy to Reform the Ellis Act

Reforming the State Ellis Act requires action by the California legislature. Recent proposals to amend the Ellis Act have met strong opposition from real estate and property owner groups.

In 2015, California Legislators introduced two bills that would have amended the Ellis Act. AB 2405, Assembly Member Tom Ammiano (D-San Francisco), would have given local jurisdictions more control over the Ellis Act. The bill died in committee. SB 1439, Senator Mark Leno (D-San Francisco), would have required a five-year post-sale waiting period for properties in the city of San Francisco before using the Ellis Act to remove the property from market. The author withdrew the bill.

LOOKING FORWARD TO 2016

Division staff and the City's legislative lobbyist will continue to monitor and support legislation that would eliminate or reform the Ellis Act as well as other legislation increasing tenant protections and limiting land speculation.



ACTIVITIES RENT STABILIZATION AND HOUSING DIVISION

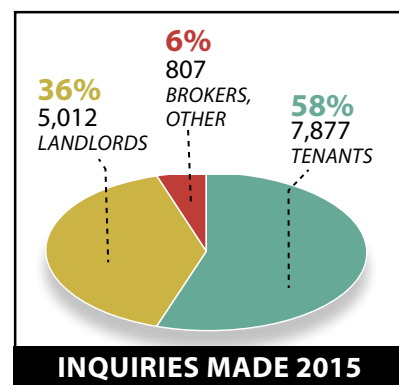
photo, courtesy of Killefer/Flammang Architects

The Rent Stabilization and Housing Division administers the City's Rent Stabilization Ordinance and Inclusionary Housing Program to maintain and promote a vibrant residential community. Goals of the Division are fair regulation and maintenance of existing rent-stabilized housing and creation of new affordable housing opportunities. The Division works with other City Divisions to preserve tenancies for vulnerable individuals and to support property owners in making their buildings safe and stable. Since 1990, the proportion of West Hollywood renters verses those who own their own home has remained constant at 78 percent renters and 22 percent owners. This is in contrast to Los Angeles County, which has 45.5 percent renters versus 54.5 percent owners.¹¹

¹¹ Profile of the City of West Hollywood, Southern California Association of Governments, May 2015

SERVING THE PUBLIC THROUGH PERSONALIZED COMMUNICATION

During calendar year 2015, staff members spoke with 13,696 individuals, of whom 7,877 were tenants, 5,012 were landlords, and 807 were brokers, lawyers, or other interested parties.



Pets 101, and Reasonable Accommodations for Disabled Tenants. An average of 12 individuals attended each seminar with 90 percent indicating, through a Division follow-up survey, that the seminars were very useful.

RESIDENTIAL RENTAL REFERRALS PROVIDED FREE-OF-COST BECOME MOBILE-DEVICE FRIENDLY

The Division maintains a list of available rental units in West Hollywood. Updated weekly and free-of-cost for owners to post their rental listings, in 2015, the Division upgraded the list to a map designed for easy access on mobile devices.

HEARINGS ON MAXIMUM ALLOWABLE RENT AND RENT DECREASES

Hearings are held if a tenant or landlord wants to ascertain the legal maximum allowable rent (MAR) for a unit or if a tenant believes they have had a substantial reduction in housing services and are due a decrease in rent. The Rent Stabilization and Housing Division coordinated the hearings process with the Legal Services Division, which held 87 hearings in 2015.

GUIDING NEW PROPERTY OWNERS, TENANTS AND PROSPECTIVE MULTI-FAMILY HOUSING BUYERS

All new owners and new tenants in rent-stabilized apartments receive

an information packet introducing them to West Hollywood's Rent Stabilization program. The packet contains a fact sheet, a guide to Rent Stabilization, a voter registration form and a welcome letter. In 2015, the Division mailed welcome packets to 221 new landlords and 2,040 new tenants.

RENT REGISTRATION FEES

Fees collected from rent-stabilized units fund the Rent Stabilization program. In 2015, the 16,832 rent stabilized units generated \$1,887,424 in rent registration fees. For units rented under Section 8, only the landlord portion of the fee is collected, which is \$60. Owner-occupied units do not pay the registration fee and in 2015, there were 1,315 units with this exemption.

ENFORCING TENANT REGISTRATION FEE REBATES

The RSO allows landlords to pass through to tenants one-half of the registration fee per unit in \$5 increments per month. Very low-income tenants who are over 62 years of age or disabled may obtain an annual rebate if they paid registration fees to their landlord in the previous year. A tenant has up to three years to file for this rebate. In 2015, there were 407 tenants granted registration fee rebates. For more information on applying to receive a rebate, contact an information coordinator at rsh@weho.org or 323-848-6450.

TRACKING RENTAL STATUS TO MONITOR NEW RENTS AFTER EACH VACANCY

The Rent Stabilization Division maintains digital records of residential properties. Each time the owner rents a unit they must file a *Re-Registration of New Tenancies in a Unit* form, which includes the move-in date, the initial rent paid, and housing services provided (parking, storage, laundry, etc.). Both the landlord and the tenant must sign the form. After verification and processing of the form by the City, the parties receive a letter of confirmation. This information is stored in the City's database as a record of the move-in rent and housing services provided for the tenancy. The City requires all new tenancies to be registered. If a tenant is not registered, the landlord cannot apply rent increases. For more information, contact an information coordinator at rsh@weho.org or 323-848-6450.

MAINTAINING THE CITY'S HOUSING INFORMATION CENTER

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

PARTICIPATING IN THE RENT CONSORTIUM

Each year, City Staff meet with staff from Berkeley, Oakland, San Francisco, Santa Monica, Los Angeles, and East Palo Alto. In 2015, topics discussed included current court cases affecting rent stabilization, collaboration on new legislation and responding to proposed legislation, and recent changes or issues affecting each jurisdiction's RSO.

CONDUCTING SPECIAL STUDIES AND INITIATIVES

Reinvestment in Aging Apartment Buildings

Almost 91 percent of housing stock in the city is at least 30 years old, a time-threshold when housing generally shows signs of aging and requires major upgrades to the physical structure and systems. In 2015, the Division began a study to identify incentives the City could provide to encourage landlords to reinvest in aging rent-stabilized apartment buildings by undertaking major improvements such as new roofs, and plumbing and electrical systems upgrades.

Upkeep of Historically Designated Apartment Buildings

Recognizing that historically designated properties have different rehabilitation needs and costs, in 2013, the City initiated a study of incentives specifically designed to appeal to the owners of West Hollywood's historically designated apartment buildings. This study continued

in 2015 and the Division anticipates the release of the draft policy recommendations for public consideration in 2016.

Seismic Retrofit Program

Recognizing the need to ensure apartments will survive a major earthquake, the City initiated a study of seismic retrofitting in West Hollywood in 2015. This study is currently underway and the City anticipates the release of a draft ordinance requiring property owners to upgrade apartment buildings for earthquake safety in 2016.

DEVELOPING THE AGING IN PLACE/AGING IN COMMUNITY 5-YEAR STRATEGIC PLAN 2016-2020

With the goal to improve the quality of life for and maintain the health and well-being of older adults, the City of West Hollywood engaged in a strategic planning process with collaboration of West Hollywood community members, volunteer-staffed City Boards and Commissions, experts in the field of aging, City Departments and the City Council. This collaboration developed a deep discussion establishing a draft plan that addresses all elements of aging within a small, urban city. The benchmark for building the plan is the WHO/AARP Eight Domains of Livability adapted for the West Hollywood Community.

DEVELOPING ONGOING COMMUNITY OUTREACH

In 2015, the Rent Stabilization and Housing Division updated and distributed the Division's Guide to Rent Stabilization and Hearings and Remedies Guidebook in both English and Russian.

OFFERING RSO BUILDING BLOCKS SEMINARS

The City's ongoing efforts to communicate with and inform the members of the community resulted in 13 workshops that were free-of-cost for the participants. The popular Building Blocks program, offered in both English and Russian, helps to educate tenants, landlords, and other community members. Topics include Emergency Preparedness for Apartment Buildings, Tenants 101 Workshop,



ADDRESSING HOUSING NEEDS IN THE COMMUNITY

photo courtesy of the archives

The Housing Element contains the City's goals and policies on housing, and includes 26 programs directed at meeting the community's housing needs. The Planning Commission and City Council renew the Housing Element periodically through an extensive community outreach and input process. On December 2, 2013, the City Council adopted the current Housing Element, with goals and policies, as well as programs to implement those policies through October 15, 2021. The California Department of Housing and Community Development certified the current Housing Element on January 14, 2015.

RENT STABILIZATION AND TENANT PROTECTIONS

The Rent Stabilization Ordinance protects tenants from unlawful eviction and sets a limit on annual rent increases. The City continues to administer the ordinance and to help tenants know and exercise their rights.

INCLUSIONARY HOUSING

The City of West Hollywood administers an Inclusionary Housing Program in which developers are required to make a percentage of newly constructed housing units available to low and moderate-income households. In an effort to generate a mix of income levels within residential areas, builders must locate affordable units (or inclusionary units) throughout the building. In addition, access must be available to all building amenities regardless of renter economic status and/or income level. The number of inclusionary housing units in West Hollywood is set to increase in the coming years, primarily in mixed-use buildings in the commercial areas along Santa Monica Boulevard.¹²

NONPROFIT DEVELOPERS AND AFFORDABLE HOUSING

In 2015, the City approved a new 22-unit affordable housing project, which will serve a very low-income population including persons living with HIV/AIDS, mental health challenges, and transitional age youth emerging from foster care and at risk of homelessness. Financing for the project will come from the Los Angeles County Housing Innovation Fund (LACHIF) and the California Department of Housing and Community Development's (HCD) Predevelopment Loan Program, as well as the County of Los Angeles Community Development Commission and HCD's Infill Infrastructure Grant Program, plus 21 project-based rental vouchers. In addition, in 2015 the City committed \$2 million in affordable housing trust funds as a local match to leverage over \$7.2 million from the California Tax Credit Allocation Committee.

HOME SECURE

In 2015, the City reinstated the Home Secure Program. This program offers to low-income

seniors and disabled residents free safety and security devices such as no-slip strips and grab bars in the bathroom, and security deadbolts and window locks on doors and windows.

HOUSING LEGISLATION

The City actively supports legislation that would address Ellis Act reform, reverse the decision in *Palmer/Sixth Street Properties v. City of Los Angeles*, which limits inclusionary housing, and maintain and increase funds for affordable housing, such as Federal HOME funds.¹³

¹² In 2015, permits for 475 new residential units were issued. This included 371 units at Santa Monica Boulevard between and North Formosa and Poinsettia Streets, and 48 units at Santa Monica Boulevard and North Kings Road. Both projects include 20-percent affordable housing.

¹³ On September 21, 2015, the City Council passed Resolution 15-4753 opposing cuts to HOME funds. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households

Recent Increase in Number of Inclusionary Units

	Increase	Total Units
1986-2014	108	108
2014-2016	77	185
2016-2017	137	322
2017-2018	86	408





FUNDING AFFORDABLE HOUSING DEVELOPMENT

photo by Tony Coelho

To meet an ongoing strategic goal of the City of West Hollywood, the Rent Stabilization and Housing Division works with private and nonprofit developers to develop, preserve, and rehabilitate affordable housing.

FUNDING OF AFFORDABLE HOUSING – STATE OF CALIFORNIA COLLABORATIVE REPORT

In 2015, the State’s four housing agencies, the California Tax Credit Allocation Committee (TCAC), the California Debt Limit Allocation Committee (CDLAC), the Department of Housing and Community Development (HCD), and the California Housing Finance Agency (CalFHA), collaborated to collect and analyze data on the costs of building affordable housing in the state. The report suggests that several factors including land cost, community opposition, building quality and durability, and economies of scale, affect the costs of building affordable housing as well as creating challenges to building affordable housing.¹⁴

Currently, it is necessary to leverage several sources of funding in order to help address the huge demand for housing and the high costs of development. The sections below discuss some of these possible funding sources. Affordable housing developed in West Hollywood has utilized a combination of these and other funding sources.

CITY OF WEST HOLLYWOOD AFFORDABLE HOUSING TRUST FUND

The Affordable Housing Trust Fund, established 30 years ago by the City Council, serves as a

source of funds for the creation and support of permanently affordable housing in West Hollywood. To qualify for these funds, each allocation approved by the City Council, a project must have at least 60 percent of units affordable for low and moderate-income households, with 20 percent of those units reserved for low-income households.

LOW-INCOME HOUSING TAX CREDITS

The Low Income Housing Tax Credits (LIHTC) Program is a federal program, which provides tax credits to developers of affordable rental housing. The tax credits are for the first 10 years of a minimum 30-year compliance period during which rent and income restrictions apply. The LIHTC Program, although established in the U.S. Internal Revenue Code (IRC), is structured such that state-allocating agencies administer most aspects of the program, including income and rent compliance, with the Internal Revenue Service (IRS) providing oversight and guidance. Local administration allows states to address affordable housing needs specific to their populations.

Some states, including California, have established tax credit programs in addition to the federal program. In California, the demand for tax credits exceeds the supply by approximately two to one. The state has developed

a competitive scoring process to determine which applicants receive the credits. The scoring includes points for projects that serve lower income tenants, leverage public and private funds, include high-energy efficiency features, and for developers who have previously received the credits, among other factors. The California Tax Credit Allocation Committee (CTCAC) administers the federal and state Low-Income Housing Tax Credit Programs.

ADDITIONAL FUNDING SOURCES

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

¹⁴California Department of Housing and Community Development. “Affordable Housing Cost Study: Analysis of the Factors that Influence the Cost of Building Multi-Family Affordable Housing in California” (October 2015). <http://www.hcd.ca.gov/>



photo by Tony Coelho

The Rent Stabilization Commission provides a forum for tenants and property owners to appeal decisions issued by the hearing examiner concerning rents, property maintenance, housing services, and other important landlord-tenant issues. The Commission also reviews the Rent Stabilization Ordinance (RSO) and the Regulations to propose appropriate changes to better implement and enforce the law.

In 2015, the City Council expanded the Rent Stabilization Commission, comprised of West Hollywood residents, to seven members from five. Each Councilmember appointed one individual and the Council as a whole appointed the other two.



photo by Tony Coelho

RENT STABILIZATION COMMISSION

HEARING APPEALS

The Rent Stabilization Commission's priority is to hear appeals of rent adjustment hearings. Tenants or landlords may appeal the hearing officer's decision to the Rent Stabilization Commission on any application for rent adjustment. The hearing officer's decision may be appealed for any one of three reasons: if the applicant believes the decision was made in error; if the determination is not reasonably supported by the evidence; or if the decision in some way violates the RSO.

In 2015, the Commission heard 16 appeals. Eight of these cases were appeals of rent-decrease hearing decisions, seven cases were on Maximum Allowable Rent determinations, and one case was on a compliance determination.

IMPLEMENTING THE RENT STABILIZATION ORDINANCE (RSO)

In addition to hearing appeals, the Commission has other responsibilities in relation to the implementation of the RSO. The Commission announces the annual interest rate on tenant security deposits that are held by landlords. The interest rate for 2015 was 0 percent because of the low interest rates offered at banks throughout the region. The Commission also announces the annual general adjustment. The annual general adjustment

is 75 percent of the increase in the Consumer Price Index rounded to the nearest quartile (0, 0.25, 0.50, 0.75). In 2015, the annual general adjustment was set at 0.75 percent.

Newsletters were sent to landlords and tenants in July and in December 2015, announcing the general adjustment and the security deposit interest rates.

CONDUCTING ANNUAL RENT STABILIZATION COMMISSION STUDY SESSION (JULY 23, 2015)

Each year the Commission conducts a study session to determine possible topics and compiles these into Suggested Priorities for the upcoming fiscal year. The Commission tracks the topics throughout the year. At the annual study session, the Commission developed the following top 18 ongoing and new priorities for its fiscal year 2015-16 focus.

- Appeals (Hearings)
- Affordable Housing Updates
- Valuation Guidelines Updates
- Review Commission Section of Annual Report
- Short Term Rentals
- Proactive Code Compliance (Legal Services, City Attorney, Health and Safety)
- Ellis Act Statewide Context (Recent Legislation, Court Cases and Limitations)



photo by Tony Coelho

- Review of Policies & Ordinance (Updates as Needed)
- Aging Housing Stock
- Affordable Housing (Types & Tenant Protections)
- Emergency Response on Rent Stabilized Properties
- Section 8 – Status in West Hollywood
- Illegal Units & Impacts (Including Parking & Safety)
- Aging in Place Brainstorming Session
- Identify Key Questions from Hearings & Appeals
- Owner Occupancy Evictions/Tenant Protections
- Swapping Units (Incentives, RSO, Tenant Protections)
- Mediation Services

ESTABLISHING THE THINGS TO KNOW EDUCATIONAL SERIES

In 2014, the Rent Stabilization Commission agreed with staff to use the Rent Stabilization Commission meetings on WeHo-TV as an educational tool. In 2015, staff continued to make presentations covering topics that are of high interest to the public based on data received from the counter contacts and telephone inquiries. These Things to Know educational presentations discuss Relocation Benefits, the Re-registration Process, Leases and Maintenance, Mediation, and Hoarding.

LEGAL SERVICES AND LEGISLATIVE AFFAIRS DIVISION

photo by Tony Coelho

The City's Legal Services and Legislative Affairs Division provides services to support the enforcement of rent stabilization laws, including tenant harassment complaints. The Division is comprised of staff attorneys, a governmental affairs liaison, support staff, and a mediator who provides free-of-cost mediation services to help resolve landlord-tenant disputes, disputes between businesses and residents, and other disputes. The City also contracts with Bet Tzedek legal services for the provision of legal services to assist with eviction issues, when appropriate (free-of-cost to West Hollywood tenants).

RENT ADJUSTMENT HEARING STATISTICS

	2015	2014	2013
Hearings Filed	113	106	97
Hearings Held	87	74	56
Hearing Requests Withdrawn	14	22	15
Postponed to later date or dismissed administratively	12	10	26

RENT ADJUSTMENT HEARINGS

One of the ways in which the RSO prevents unlawful rent increases is through its rent adjustment hearings process. If an owner eliminates or substantially reduces a housing service or fails to perform required maintenance, a tenant may apply for a corresponding reduction in rent. This process may also be used to determine the Maximum Allowable Rent (MAR) and whether the landlord has retained rent in excess of the MAR. The hearings are held at City Hall and are heard by a neutral hearing examiner.

offense, no charges will be filed unless the Legal Services Division and City Prosecutor are satisfied that all of the elements of the offense can be proven beyond a reasonable doubt. While few complaints are ultimately prosecuted, the investigation frequently alerts tenants and landlords to their rights and responsibilities under the RSO and helps bring parties into compliance. In 2015, the Division received 38 tenant harassment complaints.

The Legal Services Division also collaborates with other City Divisions, including Rent Stabilization and Housing, Planning, Building and Safety, and Code Compliance to respond to situations, such as high-impact renovations, that sometimes could lead to incidents of tenant harassment.

TENANT HARASSMENT

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

MEDIATION

Many problems can be solved through a communication and negotiation process in which a neutral third party assists participants to resolve disputes. Mediation is confidential, voluntary and requires parties who will bargain in good faith. The mediator does not tell parties what to do, but rather assists them in identifying and creating mutually beneficial solutions to their conflict. The City's mediator spoke with approximately 1,000 individuals in 2015, and resolved 440 conflicts through a combination of telephone calls and face-to-face meetings. Attempts are made to resolve most rent adjustment applications prior to scheduling a hearing. In 2015, the City's mediator held 15 formal mediations. Typical issues for mediation include maintenance, parking, pets, roommates, and relocation when tenants must move out due to fires, fumigation, or other habitability concerns. The mediator also deals with issues involving condominium homeowner associations.



RESIDENTIAL HOUSING INVENTORY AND RSO RENTS

photo by Tony Coelho

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

24,039

RESIDENTIAL HOUSING UNITS IN THE CITY OF WEST HOLLYWOOD.¹⁵

OF THESE

16,832

FALL UNDER THE CITY'S RENT STABILIZATION PROGRAM.¹⁶

¹⁵ 2009-2013 American Community Survey 5-Year Estimates.

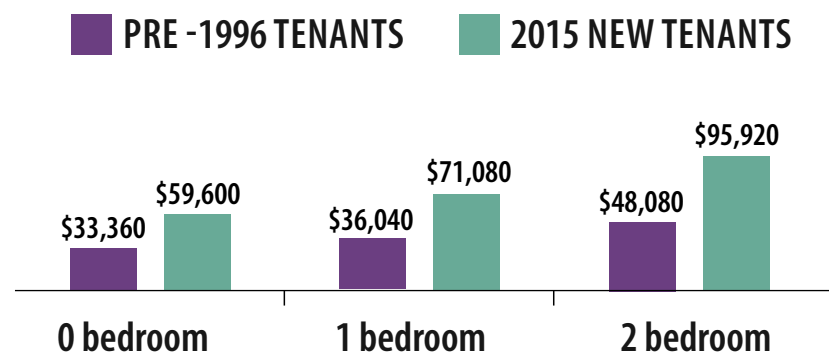
¹⁶ A unit is considered part of the rent stabilization program if it was constructed prior to January 1, 1979.

RESIDENTIAL HOUSING INVENTORY AND RSO RENTS 2015

SIZE	UNITS	%
0 bedroom	2,442	15
1 bedroom	9,017	53
2 bedroom	4,882	29
3 bedroom	471	3
4 + bedroom	20	0
Totals	16,832	100

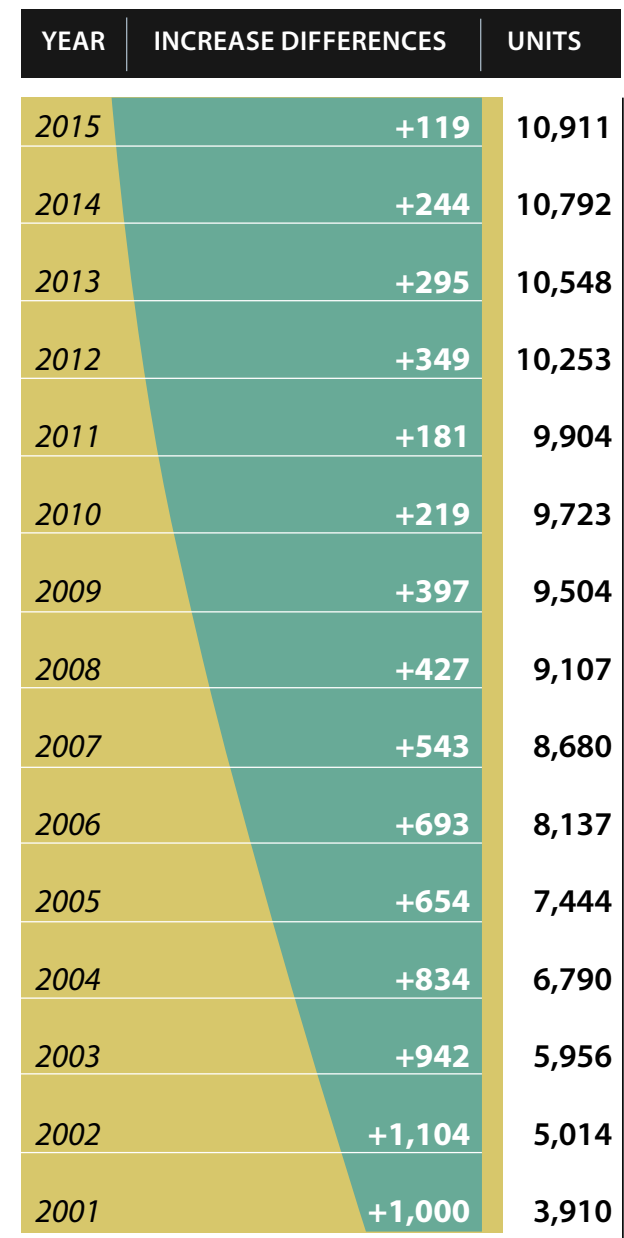
HOUSEHOLD INCOME NEEDED TO AFFORD RENT IN 2015

The chart below shows the household income needed in 2015 to pay the rent in rent-stabilized units broken down by number of bedrooms. Affordability was defined by using the housing industry standard of 30 percent of gross household income.



RENT INCREASES AND VACANCY DECONTROL

Under the RSO, existing tenancies may be given an annual rent increase that is limited to 75 percent of the increase in the Consumer Price Index (CPI) rounded to the nearest quartile (0, 0.25, 0.50, 0.75). However, under California's Costa-Hawkins Act, effective since 1996, State law allows the rent to increase to what the market will bear upon vacancy.¹⁷ Rent stabilization requirements are then reset at the new rent level, creating a greater increase in the rents charged for newly rented units versus those where the tenant has remained in the same apartment for a number of years.



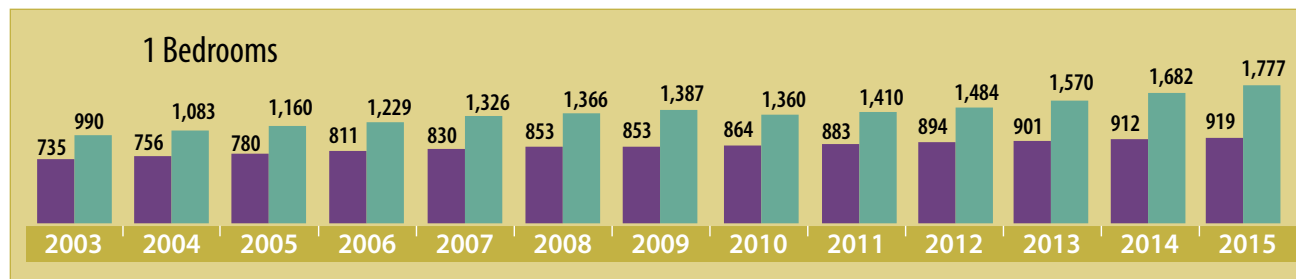
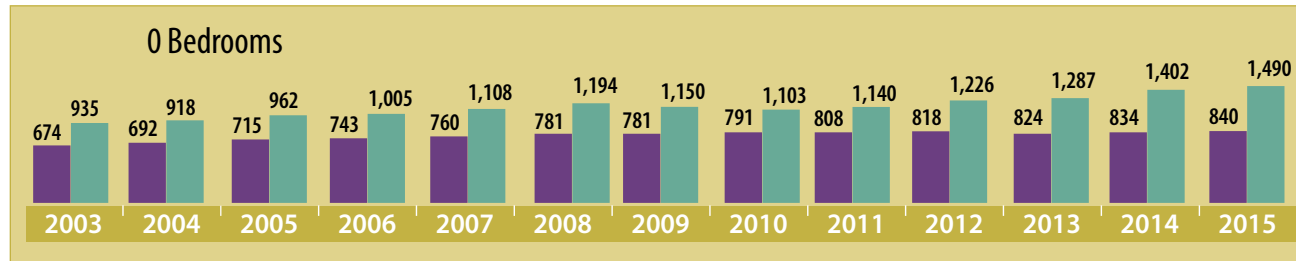
In the nineteen years since Costa-Hawkins has been in effect, 64 percent of West Hollywood apartments have had at least one market-rate increase upon vacancy. The chart illustrates the increased number of apartments that have had rents brought to market rates.

¹⁷ California Civil Code §1954.53

RENT STABILIZED APARTMENTS IN WEST HOLLYWOOD BY NUMBER OF BEDROOMS – 2015

PRE -1996 TENANTS 2015 NEW TENANTS

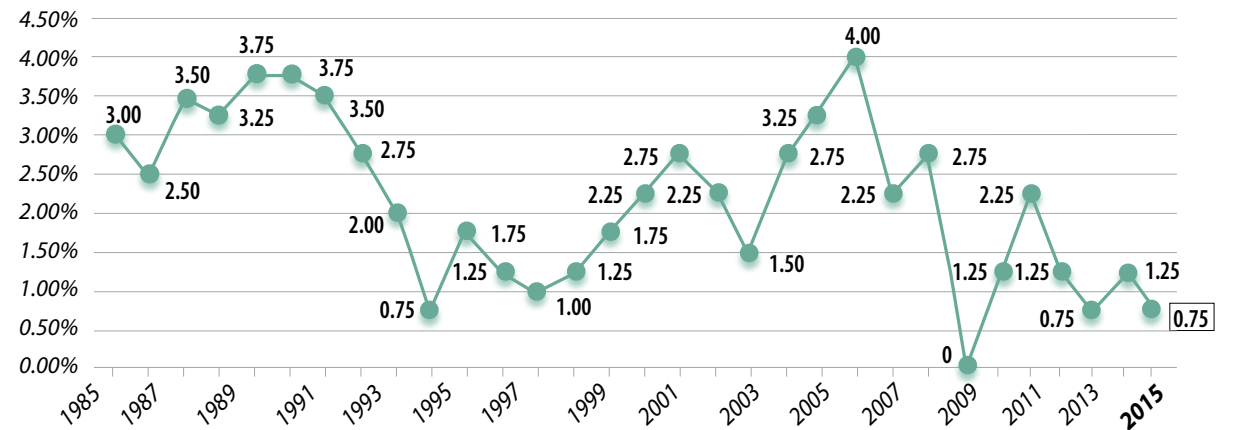
Numbers are in dollar amounts



The above charts show the yearly average rents paid by long term, pre-1996 tenants who are still in their units. It compares these average rents to the average move-in rents paid by new tenants in rent-stabilized buildings broken down by the number of bedrooms in the unit. The average rent amounts for pre-1996 tenants were determined by taking the December 31, 1995 MAR (Maximum Allowable Rent) and imputing all of the subsequent Annual General Adjustments (AGA) through 2015. The rent amounts for new tenancies were determined by averaging the rent levels listed by landlords on *Re-Registration of New Tenancies in a Unit* forms required for new tenancies.

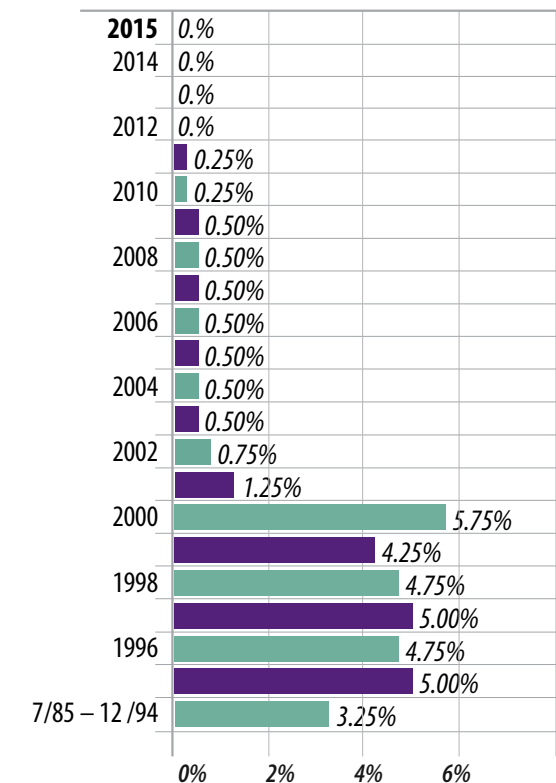
2015 Annual General Adjustment

The AGA is in effect from September 1 to August 31. Each year before July 1, the Rent Stabilization Commission announces the amount of the adjustment so landlords who are current with their registration fees can start giving 30-day advance increase notices by August 1. To find out what the current AGA is, visit www.weho.org/rsh or call the City's Rent Stabilization and Housing Information Coordinators at 323-848-6450.



2015 Security Deposit Interest

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



LOOKING AHEAD TO 2016

Since incorporation in 1985, the City of West Hollywood has been committed to protecting and enhancing affordable housing opportunities with an emphasis on rent stabilization laws. Looking ahead to 2016, the Rent Stabilization and Housing Division will continue to administer the RSO and inclusionary housing programs through community education, policy analysis, and implementation of program components.

Specific Actions the Division Will Take in 2016

- Continue to educate tenants, landlords and members of the public about the rent stabilization program.
- Explore incentives to encourage landlords to reinvest/rehabilitate rent-stabilized buildings, upgrading plumbing, electrical, roofing and other major systems.
- Continue the Home Secure Program, which provides low-income seniors and disabled residents with bathroom grab bars and other safety and security upgrades.
- Collaborate with the Building and Safety Division and Planning Division to develop a program to retrofit existing buildings for earthquake/seismic upgrades.
- Administer new curriculum for the Building Blocks Educational Series.
- Update the relocation fees.
- Collaborate with nonprofit developers on future affordable housing.
- Support legislative advocacy efforts to encourage lawmakers to revise the Ellis Act and other rent stabilization and housing acts, and to create a permanent source of funding for affordable housing.
- Implement the Aging In Place/ Aging In Community 5-Year Strategic Plan.
- Initiate a study of innovative housing types and policies.
- Explore a tenant's option-to-purchase program for West Hollywood.
- Develop a case summary of unit transfer scenarios to support tenants when requesting a unit transfer from their landlord.

In 2016, the Los Angeles region and California as a whole will continue to face serious challenges in the availability of housing for very low, low, and moderate-income households. To help address these challenges, the City of West Hollywood will remain committed to the RSO and the development and preservation of affordably priced housing, and to supporting residents to continue to live and thrive in the community.

THE CITY OF WEST HOLLYWOOD

CITY COUNCIL

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Mayor Pro Tempore John Heilman
Councilmember John D'Amico
Councilmember John J. Duran
Councilmember Lindsey P. Horvath

RENT STABILIZATION COMMISSION

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Stephanie Harker
Alexander Gurfinkel
Josh Kurpies

STAFF

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Human Services and Rent Stabilization Department

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2015 ANNUAL REPORT
City of West Hollywood Rent Stabilization and Housing



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HOURS

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