



## AGENDA REPORT

**Meeting Date:** December 5, 2017  
**Item Number:** D-5  
**To:** Honorable Mayor & City Council  
**From:** Susan Healy Keene, AICP, Director of Community Development  
Raj Patel, Assistant Director, Building Official

**Subject:** AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING THE BEVERLY HILLS MUNICIPAL CODE TO PRECLUDE LANDLORDS WHO HAVE FAILED TO REGISTER THEIR RENTAL UNITS FROM IMPOSING THE ANNUAL RENT INCREASES THAT ARE ALLOWED BY THE MUNICIPAL CODE UNTIL THE RENTAL UNITS ARE REGISTERED

**Attachments:** 1. Ordinance

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### RECOMMENDATION

It is recommended that the City Council waive full reading of the ordinance and that the ordinance entitled, "AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING THE BEVERLY HILLS MUNICIPAL CODE TO PRECLUDE LANDLORDS WHO HAVE FAILED TO REGISTER THEIR RENTAL UNITS FROM IMPOSING THE ANNUAL RENT INCREASES THAT ARE ALLOWED BY THE MUNICIPAL CODE UNTIL THE RENTAL UNITS ARE REGISTERED" be introduced and read by title only (Attachment 1).

### INTRODUCTION

At the last City Council meeting on November 21, 2017, the City Council gave direction to develop an ordinance to incentivize owners of multi-family buildings to register their rental units in accordance with the City's rent stabilization ordinance. In particular, the City Council gave direction regarding the method by which to preclude landlords who are not in substantial compliance with the rental unit registration requirements from imposing the

annual rental increases that are allowed by Chapters 5 and 6 of the Rent Stabilization Ordinance. The attached ordinance implements the City Council's direction and prohibits landlords who have not registered their rental properties from imposing allowable annual rent increases until they are in substantial compliance with the City's registration requirements.

### **DISCUSSION**

At the last City Council meeting, the City Council gave further direction to staff about the method by which to preclude landlords who are not in substantial compliance with the rental unit registration requirements from imposing the annual rental increases that are allowed by Chapters 5 and 6 of the Rent Stabilization Ordinance. In particular, the City Council confirmed that landlords with outstanding registrations are in violation of the Ordinance and subject to enforcement. The City Council also determined that adding new provisions to both Chapters of the Rent Stabilization Ordinance to incentivize landlords to register their units, in addition to code enforcement follow-up, is necessary. The provisions of the attached ordinance state that a landlord who is not in substantial compliance with the City's registration requirements cannot impose the annual general rent adjustment that is allowed by the Rent Stabilization Ordinance until the landlord is in substantial compliance with the registration requirements.

On January 24, 2017, the City adopted an Ordinance (Ord. 17-O-2729) requiring owners of multifamily rental buildings to register all rental units with the City. On July 10, 2017, the City mailed a Notice Requiring Registration of Rental Units to all owners of such buildings indicating that the 30-day registration period would begin on July 24th and end on August 23<sup>rd</sup>. In response to requests from landlords, the City Council extended the registration period to September 22, 2017. The registration deadline has passed and at the time of this report, owners of 180 properties had failed to register.

Staff will continue to assist landlords to register their outstanding properties and units in order to enforce the existing provisions of Chapter 5 and Chapter 6 and the requirement that multi-family residential properties be registered with the City. Once the new ordinance is adopted, staff intends to send additional notices to all landlords who at that time still are not in substantial compliance with the registration requirements and inform them that they will not be able to impose the annual rent increases that are allowed by Chapters 5 and 6, until their properties are registered with the City. Tenants will have an opportunity to report these illegal rent increases to the City anonymously so they don't experience any type of retaliation from the landlord. All reports of illegal rent increases will be forwarded to Code Enforcement staff to address immediately.

### **FISCAL IMPACT**

There is no immediate financial impact or budget action necessary as a result of the recommended action.

Susan Healy Keene, AICP

Approved By

 11/29/2017

# **Attachment 1**

ORDINANCE NO. 17-O-\_\_\_\_\_

AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING THE BEVERLY HILLS MUNICIPAL CODE TO PRECLUDE LANDLORDS WHO HAVE FAILED TO REGISTER THEIR RENTAL UNITS FROM IMPOSING THE ANNUAL RENT INCREASES THAT ARE ALLOWED BY THE MUNICIPAL CODE UNTIL THE RENTAL UNITS ARE REGISTERED.

THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS HEREBY ORDAINS AS FOLLOWS:

Section 1. Section 4-5-303 (“Annual Increases”) of the Beverly Hills Municipal Code is hereby amended to add new paragraph E thereto to read as follows:

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 4-5-303.

Section 2. Section 4-5-701 (“Illegal Rent or Withholding of Relocation Fees”) of the Beverly Hills Municipal Code is hereby amended to add new paragraph C thereto to read as follows:

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.

Section 3. Section 4-6-3 (“Rental Increases”) of the Beverly Hills Municipal Code is hereby amended to add new paragraph D thereto to read as follows:

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 4-6-3.

Section 4. Paragraph A of Section 4-6-12 (“Illegal Rent Or Withholding of Relocation Fees”) of the Beverly Hills Municipal Code is hereby amended to add new subparagraph 3 thereto to read as follows:

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.

Section 5. CEQA. This ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) which is the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and CEQA does not apply where it

can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. It can be seen with certainty that precluding landlords who fail to substantially comply with the requirements to register their rental units with the City from imposing the annual rental adjustment allowed by the Municipal Code will not cause a significant effect on the environment.

Section 6. Publication. The City Clerk shall cause this Ordinance to be published at least once in a newspaper of general circulation published and circulated in the City within fifteen (15) days after its passage in accordance with Section 36933 of the Government Code, shall certify to the adoption of this Ordinance and shall cause this Ordinance and the City Clerk's certification, together with proof of publication, to be entered in the Book of Ordinances of the Council of this City.

Section 7. Effective Date. This Ordinance shall go into effect and be in full force and effect at 12:01 a.m. on the thirty-first (31st) day after its passage.

Section 8. Certification. The City Clerk shall certify to the adoption of this Ordinance.

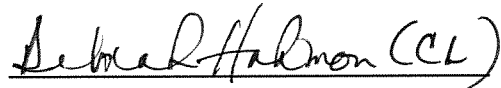
Adopted:  
Effective:

\_\_\_\_\_  
LILI BOSSE  
Mayor of the City of Beverly Hills, California

ATTEST:

\_\_\_\_\_  
BYRON POPE  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT

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MAHDI ALUZRI  
City Manager