



City of West Hollywood
California 1984

WELCOME

UPWARD RENT ADJUSTMENTS FOR SEISMIC RETROFITTING

February 24, 2018

February 27, 2018

West Hollywood Park, Auditorium

Plummer Park, Fiesta Hall



Mandatory Seismic Retrofitting

Property owners must:

- Complete structural engineering report
- Complete any upgrades identified

April 1, 2018 – *Soft Story Buildings*

August 7, 2018 – *Non-ductile Concrete and Pre-Northridge Steel Motion Frame*

Customer Service



- ❑ Currently assessing need
- ❑ Committed to providing high-level support
 - ❑ Property Owners
 - ❑ Tenants
 - ❑ Other Community Members

Tenant Habitability



- Rent Stabilization Commission

February 22, 2018

- Tenant Habitability Requirements during Renovation

- Tenant Buyout Agreement Requirements

Other Activities



- ❑ Eviction Protection and Relocation Fees
- ❑ Protection from Tenant Harassment
- ❑ Home Secure Program
- ❑ Aging in Place, Aging in Community www.wehoaging.org

West Hollywood Community



80% Renters

Higher than region:

- Seniors
- Single person households
- LGBT
- USSR Immigrants

Households Move:

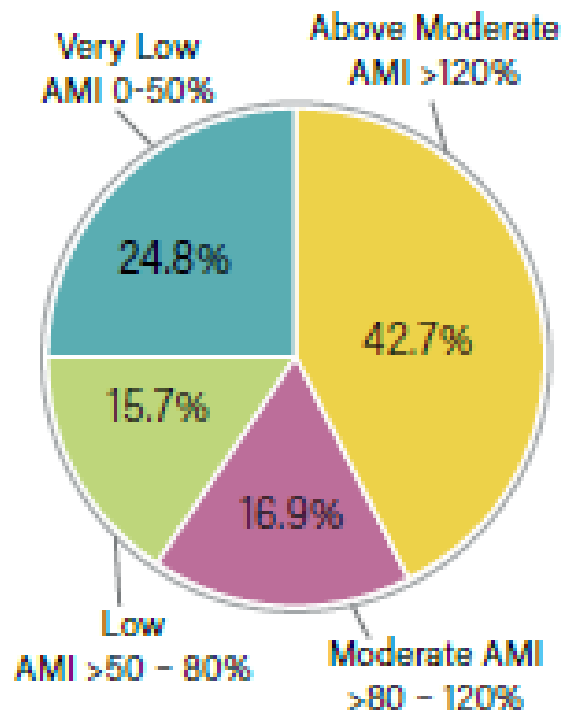
- 50% every 5 years.

Housing Need:

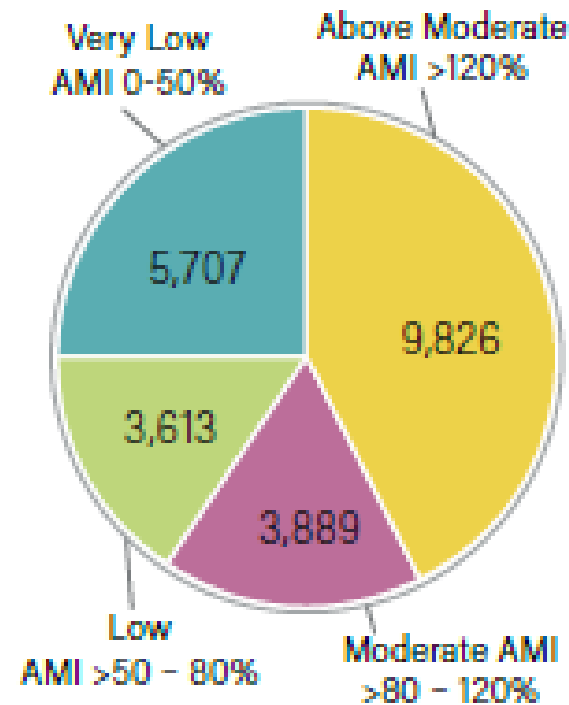
- 40% Lower Income
- 17% Moderate
- 43% Above Moderate

Income & Housing Need

Percent of Households



Estimated Number of Households



Upward Rent Adjustments



- ❑ *Currently, an upward rent adjustment becomes part of Maximum Allowable Rent (MAR)*

Upward Rent Adjustments



- ❑ *Currently, there is no hardship exemption for tenants*
- ❑ Rent increases limited to 12% per year for the first two years, any remaining balance goes into effect year three.
- ❑ Annual interest at a rate of 10% is added to all deferred rent increases.

Upward Rent Adjustments



- *Costa-Hawkins vacancy decontrol could be allowing rents to exceed property expenses*
- From January 1, 1999 to January 1, 2015, new rents charged at unit turnover increased 92 percent, from \$944 to \$1,810, equivalent to a growth rate of 4.4 percent annually.

Upward Rent Adjustments



- ❑ *Upward rent adjustment application requirements are difficult to meet*
- ❑ Base Year NOI set at 1983.
- ❑ Base Year NOI escalated to 60% of increase in Consumer Price Index (CPI) - base year to year capital expense incurred (Adjusted Base Year NOI).
- ❑ Property owner allowed to treat annual amortized cost of capital improvement as an operating expense.
- ❑ If the NOI for year capital cost is incurred, including annual amortized cost of financing required, less than Adjusted Base Year NOI, hearing examiner may order rent increases.

Net Operating Income vs. Cost Recovery



- *Net Operating Income (NOI)*
 - Permits amortized capital improvement costs counted as expenses
 - Compares NOI in the current year to a specified base year.
 - Increase tethered to CPI

- *Cost Recovery*
 - Considers costs and permits landlord to recapture some or all over a period of time
 - Presumes landlord needs rent increase to complete mandatory seismic retrofitting



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THANK YOU

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Affordable Income Limits



For 1 Person:

- Very Low

Up to \$30,328

- Low

> \$30,328 to \$48,525

- Moderate

> \$48,525 to \$60,656