

ORDINANCE NO. 22-_____

AN ORDINANCE OF THE CITY OF WEST HOLLYWOOD AMENDING TITLE 17 OF THE WEST HOLLYWOOD MUNICIPAL CODE RELATING TO A REPEAL OF THE FREEZE ON RENT INCREASES, LIMIT ON THE ANNUAL GENERAL ADJUSTMENT, BAD FAITH RENT INCREASES AND THE EXEMPTION OF NO-COST INTERIM OR TRANSITIONAL HOUSING FOR PEOPLE EXPERIENCING HOMELESSNESS

THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1: Findings.

A. On April 6, 2020, consistent with measures to protect tenants from the impacts of the emerging COVID-19 crisis, the City Council adopted Urgency Ordinance No. 20-1103U. The Urgency Ordinance included, among other things, a provision that prohibited the application of the annual general adjustment to rent stabilized tenancies from that date until sixty (60) days after the expiration of the local emergency period (“rent increase freeze”). The City Council finds, in order to ensure certainty for landlords and tenants, acknowledge the changing nature of the COVID-19 crisis, and to ensure that landlords receive a just and reasonable return, it is necessary and appropriate to repeal the rent increase freeze effective March 1, 2023.

B. The City Council finds that the current annual general adjustment limit of seven percent is unreasonably high in light of the changes to state law since that limit was enacted, specifically vacancy decontrol as imposed by the Costa-Hawkins Rental Housing Act (Cal. Civil Code Section 1954.50, et seq.). The City Council further finds that vacancy decontrol has allowed landlords to collect rents that have far outpaced inflation since the City’s incorporation and are able to receive a just and reasonable return pursuant to annual general adjustments that have historically been available to them. A reduction of the limit to the annual general adjustment in no way prevents a grant of a rent adjustment upon application by a landlord when required to permit a just and reasonable return to the landlord.

C. Where a unit is not subject to any form of rent control, a landlord may attempt to circumvent eviction protections to remove a tenant for otherwise impermissible reasons by imposing an unconscionable rent increase. In order to protect such tenants from an unjustified displacement, the City Council finds it necessary to include this conduct as a proscribed form of harassment consistent

with the holding in *San Francisco Apartment Association v. City and County of San Francisco* (2022) 74 Cal.App.5th 288.

D. No-cost interim or transitional housing for people experiencing homelessness is not intended to provide long-term housing and people utilizing such housing are not tenants of the properties owned, operated, financed or managed by government entities and non-profit organizations. To ensure that such housing facilities can operate in a manner consistent with their intended purpose, and for clarity, the City Council finds it necessary to specify such housing as being exempt from the provisions of the Rent Stabilization Ordinance and declarative of existing law.

SECTION 2: Notwithstanding Section 4.A. of Urgency Ordinance No. 1103U, landlords may increase rents on occupied rental units subject to the controls imposed by Title 17 of the West Hollywood Municipal Code beginning March 1, 2023 regardless of the date the declared local emergency ends. Section 4.A. of Urgency Ordinance No. 1103U is repealed effective March 1, 2023.

SECTION 3: Section 17.36.020 (Post-1985 Increases) of Chapter 17.36 (Annual General Rent Increases) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is amended to read as follows:

On or after September first of each year after 1985, the maximum allowable rent for a rental unit may be increased without application to the city in an amount not to exceed seventy-five percent of the increase in the Consumer Price Index (CPI) during the preceding twelve months. Said percentage increase shall be equal to the percentage increase between the CPI last reported as of May of the prior year and the month of May of the current year.

The increase shall be annually calculated by the Commission. The amount of the permitted increase shall be rounded to the nearest one-quarter of one percent.

In the event that the CPI decreases, no increase or decrease in rents shall be authorized pursuant to this chapter.

In the event that the CPI increases by ~~nine and one-half percent~~ four percent or less more, the annual general adjustment shall be limited to a maximum of ~~seven~~ three percent. ~~In the event the CPI increases by more than nine and one-half percent, the Council shall review this section and decide whether to continue this section in its present form or amend it. This limit shall be effective upon adoption, and any annual general adjustment in effect at the time of adoption that exceeds the limit, shall be reduced to three percent.~~

SECTION 4: Subsection 22 of subsection (b) of Section 17.52.090 (Prohibition of Tenant Harassment) of Chapter 17.52 (Permissible Reasons for Permanently or Temporarily Terminating or Refusing to Renew Tenancy) of Title

17 (Rent Stabilization) of the West Hollywood Municipal Code is added to read as follows:

22. Attempting to recover possession of a rental unit that is exempt from rent increase limitations under this title or any other provision of law by means of a rent increase that is imposed in bad faith with an intent to coerce the tenant into vacating the rental unit in circumvention of Section 17.52.010. Evidence of bad faith may include but is not limited to the following: (1) the rent increase was substantially in excess of market rates for comparable units; (2) the rent increase was within six months after an attempt to recover possession of the unit; and (3) such other factors as a court or the Commission may deem relevant.

SECTION 5: Subsection 15 (Interim or Transitional Housing for People Experiencing Homelessness) of subsection (a) (Types of Property Exempted) of Section 17.24.010 (Exempt Property) of Chapter 17.24 (Exempt Property) of Title 17 (Rent Stabilization) of the West Hollywood Municipal Code is added to read as follows:

15. Interim or Transitional Housing for People Experiencing Homelessness. Housing accommodations offered at no cost to people experiencing homelessness which a government or nonprofit agency owns, operates, finances, or manages.

SECTION 6: Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the remaining provisions of this ordinance.

SECTION 7: CEQA. The City Council finds that adoption and implementation of this ordinance is not a “project” for purposes of the California Environmental Quality Act (CEQA), as that term is defined by CEQA guidelines (Guidelines) section 15378(b)(5). Alternatively, this ordinance is exempt from CEQA pursuant to 15061(b)(3), because it has no potential for causing a significant effect on the environment and because it is an administrative regulation aimed at preventing bad faith, pretextual rent increases designed to avoid existing local eviction regulations.

SECTION 8: Effective Date. This ordinance shall take effect 30 days after its passage and adoption pursuant to California Government Code section 36937.

PASSED, APPROVED AND ADOPTED THIS ____ day of _____, 2022.

Lauren Meister, MAYOR