



RENT STABILIZATION PROGRAM

CHAPTER 5 RENT STABILIZATION PART I

Frequently Asked Questions

1. When was the Rent Stabilization Ordinance adopted?

The Beverly Hills City Council adopted the Chapter 5 regulations on September 19, 1978 [Ord. 79-O-1731; eff. 12-31-1980].

2. Why was the Rent Stabilization Ordinance created?

Regulations were adopted in response to a critically low vacancy rate, which contributed to a substantial and rising number of exorbitant rental rate increases. It was the City Council's opinion that if the increases were allowed to continue, many people would be unable to pay their rent and displacements would occur. This would be detrimental to the public health and welfare by adversely affecting the lives of a substantial number of residents of Beverly Hills who reside in apartment units. It would create a hardship for senior citizens and persons with fixed/low incomes.

In the public interest, the City Council deemed it necessary to protect the occupants of apartment units from unreasonable rent increases, while at the same time recognizing the landlord's need to have sufficient rental increases to cover maintenance and increased costs of operation, and to encourage capital improvements.

3. Are there exempted properties to the Rent Stabilization Ordinance?

The following dwelling units are NOT subject to rent control regulations [[B.H.M.C. 4-5-102](#)]:

- Single-family residences
- Housing accommodations in hotels, motels, inns, and boarding/rooming houses unless they have been rented to permanent residents for more than 30 consecutive days
- Condominium units



4. Are there any topics or subject matters that go only to Code Enforcement?

All Code violations will be referred to the Code Enforcement office for further processing which might include an administrative citation process.

5. Who is a Chapter 5 Tenant?

Tenants whose most recent lease or rental agreement stipulates a move-in rent of \$600 or less per month are Chapter 5 tenants. [[B.H.M.C. 4-5-102\(G\)](#)]

6. How often can rent be increased?

A rent increase may be imposed a maximum of once in a twelve (12) month period at the maximum allowable base rent increase rate as calculated for the month the increase is effective [[B.H.M.C. 4-5-303\(A\)](#)].

7. What is the maximum allowable base rent increase for Chapter 5 tenants?

The amount of increase shall be 8% or the average Consumer Price Index (CPI) figure, whichever is less at the time [[B.H.M.C. 4-5-303 \(C\)](#)]. Also, the most current CPI figure for Chapter 5 maximum allowable base rent increase is calculated monthly and can be found at the Rent Increase/Adjustment page of the Rent Stabilization Program's website:

<http://www.beverlyhills.org/citygovernment/departments/communitydevelopment/codecompliance/bhrent/rentincreasesadjustments/>

8. What notice is required to increase rent?

A property owner may impose an annual rent increase with "written notice of the proposed rent increase in accordance with the requirements of state law" [[B.H.M.C. 4-5-311\(A\)](#)].

The landlord can service a copy of the written notice to the tenant personally, where the rent increase takes effect in 30 or 60 days [[Civil Code Section 827\(b\)\(1\)\(A\)](#)].

Also, the landlord can give the tenant a written notice of rent increase by First Class Mail, which must have a five (5) day postmark. Therefore the minimum notice time required for this service of notice is at least 35 days' notice from the date of mailing [[Civil Code Section 827\(b\)\(1\)\(B\)\(2\),\(3\)](#)].

9. If, after receiving an annual rent increase, where rent exceeds \$600 per month, is the apartment unit still subject to Chapter 5 rent control regulations?

Yes, since the tenancy at one time was \$600 or less per month. The Chapter 5 rent control regulations continues to be in effect after the annual rent increase of the apartment unit [[B.H.M.C. 4-5-102](#)].



10. Are units and rent levels registered with the City?

Yes, landlords must register all rental units and the base rent amount for each unit within thirty (30) days of receiving notice from the City that registration is required [[B.H.M.C. 4-5-102](#) & [4-5-801](#)]. A unit must also be re-registered after any change in the required registration information or within 30-days of being re-rented after a vacancy.

11. Can a property owner and an apartment resident have a separate agreement regarding the tenancy and monthly base rent?

No. Any agreement, which waives the benefit of a tenant relating to the amount of rent to be paid for an apartment unit, shall be deemed contrary to public policy and shall be void [[B.H.M.C. 4-5-103](#)].

12. Can a property owner increase the tenant's security deposit?

The security deposit lawfully imposed by the landlord may be increased annually by the same percentage the base rent is increased [[B.H.M.C. 4-5-303\(D\)](#)].

13. Can a property owner pass on additional surcharges?

Yes, utility surcharges as well as capital expenditure surcharges may be passed on as long as the Rent Stabilization Ordinance formulas and limitations are followed. These surcharges are passed on at the time of the annual rent increase. The following are surcharges that may be passed through to tenants according to their respective conditions:

- Capital Expenditure Surcharge [[B.H.M.C. 4-5-304](#)]
- Expenditures Mandated By Law [[B.H.M.C. 4-5-305](#)]
- Utility Expense Surcharge [[B.H.M.C. 4-5-306](#)]
- Surcharge for Additional Tenants [[B.H.M.C. 4-5-307](#)]
- Water Service Penalty Surcharge [[B.H.M.C. 4-5-308](#)]
- Refuse Fee Surcharge [[B.H.M.C. 4-5-309](#)]

14. Can a property owner increase the rent for an additional person residing in the apartment unit if they are not listed on the tenancy or lease agreement?

If the rental agreement specifies the maximum number of occupants, but does not contain a specific dollar amount for an additional tenant, the property owner has the right to raise the rent a maximum of 10% of the base rent for each additional tenant. If the additional tenant subsequently vacates the unit, the rent shall be reduced by the amount that was imposed pursuant to this provision. One or more of the remaining occupants in possession must have been subject to the rental agreement [[B.H.M.C. 4-5-307](#)].



15. Is a resident building manager covered by rent control regulations?

If the building manager's compensation or reduction in rent is equal to at least 50% of the current fair market rental value of such unit, the building manager is considered a manager and is not covered by rent control regulations. However, if the compensation is less than 50%, the building manager is considered a tenant and is subject to the rent control guidelines [[B.H.M.C. 4-5-202](#)].

16. Are the provisions of the rent control guidelines effective when there is a voluntary vacancy?

No, the apartment unit becomes decontrolled under Chapter 5 Code and may be re-rented for more than \$600 per month as noted in [B.H.M.C. 4-5-102\(G\)](#) & [4-5-312](#). Annual increases of the re-rental of units after a voluntary vacancy will be subject to the applicable Chapter 6 rent control guidelines if the new rent exceeds \$600 per month [[B.H.M.C. 4-6-3](#)].

17. If the building is purchased by a new owner, is the new owner allowed to automatically make rent adjustments?

No. Any changes to rent levels are subject to the Code. Annual increases may only be made within a twelve (12) month period, pass through of surcharges to tenants should follow their respective formulas and limitations [[B.H.M.C. 4-5-303 thru 309](#) and [B.H.M.C. 4-5-401 thru 403](#)].

18. Is there an option available for property owners who may want to increase rents on units renting well below market rates?

Property owners have the option of filing a Landlord Rent Adjustment Application ([RSO-021](#)) and have a Hearing Officer review the case to determine if an increase beyond the permissible rent increases under Article 3 & 4 of the Chapter 5 Code will be allowable. [[B.H.M.C. 4-5-401 thru 403](#)] Please review the Landlord Rent Adjustment Application Instructions ([RSO-020](#)) packet to learn how to complete the application.

19. On what grounds can a landlord terminate tenancy?

Termination of tenancy by a landlord can be for just-cause or another cause under Article 5 of the Chapter 5 Code. Per State law, a written eviction notice is required to terminate tenancy unless the timeframe for such notice is restricted by the particular Municipal Code. [[Civil Code Section 1946](#)]

Just-cause terminations may be made for any of the following reasons and would not require the landlord to pay relocation fees:

- Failure to Pay Rent [[B.H.M.C. 4-5-502](#)]
- Violations of Obligations [[B.H.M.C. 4-5-503](#)]
- Maintenance of Nuisances [[B.H.M.C. 4-5-504](#)]
- Illegal Uses [[B.H.M.C. 4-5-505](#)]
- Refusal to Provide Access [[B.H.M.C. 4-5-507](#)]
- Unapproved Subtenants [[B.H.M.C. 4-5-508](#)]



Other grounds for terminations are found in the following sections of the Chapter 5 Code:

- Refusal to Execute Leases [[B.H.M.C. 4-5-506](#)]
 - Notice Requirement: at least 30-day notice
- Occupancy by a Landlord or qualified family member [[B.H.M.C. 4-5-509](#)]
 - Notice Requirement: not less than 90-day notice
- Change of Building Managers [[B.H.M.C. 4-5-510](#)]
 - Notice Requirement: 60-day notice
- Demolition or Condominium Conversions [[B.H.M.C. 4-5-511](#)]
 - Notice Requirement: not less than 90-day notice
- Major Remodeling [[B.H.M.C. 4-5-512](#)]
 - Notice Requirement: one-year notice
- Withdrawal of Residential Rental Structure form the Rental Market [[B.H.M.C. 4-5-513](#)]
 - Notice Requirement for Ellis Act: depends on tenant, see Code for clarity

20. If tenancy is terminated for a just-cause reason, is the tenant entitled to a relocation fee? If so, how much?

Relocation fees will be paid to apartment residents evicted for major remodel, use by landlord, demolition, condominium conversion, or withdrawal of residential rental structure from the rental market (Ellis Act). Relocation fees shall be paid for the following amounts and “[c]ommencing 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” (*The current change in CPI between 2018-2019 is 4.1%. The relocation fees have been adjusted based on a percentage change to reflect the increase in CPI as such.)

[[B.H.M.C. 4-5-605](#)]:

Unit Type	Relocation Fee	If tenant is a Senior Citizen (62+ yrs), Disabled Person, or Minor
Bachelor or Single	\$ 6,446.91	\$ 8,446.91
One Bedroom	\$ 9,523.07	\$ 11,523.07
Two or More Bedrooms	\$ 12,902.15	\$ 14,902.15

