



## Staff Report Details (With Text)

**File #:** 22-1099      **Version:** 1      **Name:** Rent Control Contract Renewals

**Type:** Minute Order      **Status:** Consent Agenda

**File created:** 5/26/2022      **In control:** City Council Meeting Agenda

**On agenda:** 6/13/2022      **Final action:**

**Title:** CC - CONSENT ITEM: (1) Progress Report on the Implementation of the Rent Control Ordinance and Tenant Protections Ordinance; (2) Approval of an Amendment to the Existing Professional Services Agreement with BAE Urban Economics to Include the Development of Guidelines and Procedures and Related Materials to Execute the Capital Improvement Pass-Throughs, No Fault Evictions, Hearing and Appeals, and an Administrative Handbook in an Amount Not-to-Exceed \$70,116; (3) Approval of an Amendment to the Existing Professional Services Agreement with Tripepi Smith and Associates to Continue Implementing a Public Communications Program for the Rent Control Ordinance and Tenant Protections Ordinance in an Amount Not-to-Exceed \$30,500; (4) Approval of an Amendment to the Existing Professional Services Agreement with HdL to Continue Maintenance of the Online Residential Rental Registration System and Education and Compliance Services in an Amount Not-to-Exceed \$110,000; (5) Approval of an Amendment to the Existing Professional Services Agreement with Sheri Ross to Conduct Appeal Hearings Related to Petitions and Applications from Landlords And Tenants at a rate of \$112.50 Per Hour in an Amount Not-to-Exceed \$10,000; (6) Approval of an Amendment to the Existing Professional Services Agreement with Bet Tzedek to Continue Providing Legal Services, Relating to Landlord-Tenant and other Housing Issues, to Culver City Residents in an Amount Not-to-Exceed \$144,214.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
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**Meeting Date:** June 13, 2022

**Contact Person/Dept:** Tevis Barnes, CDD/Housing Division  
Shannon Louis, CDD/Housing Division

**Phone Number:** 310-253-5780

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Attachments:** Yes  No

**Commission Action Required:** Yes  No

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (06/08/2022); Advisory Committee on Housing and Homelessness (05/31/2022); Landlord Tenant Mediation Board (05/31/2022); BAE Urban Economics (06/02/2022); Bet Tzedek (06/02/2022); HdL (06/02/2022); Tripepi Smith (06/02/2022); Sherri Ross (06/02/2022)

**Department Approval:** Sol Blumenfeld, Community Development Director (05/26/2022)

## **RECOMMENDATION**

Staff recommends the City Council:

- 1) Receive a progress report on the status of implementation of the Rent Control and Tenant Protections Ordinances; and,
- 2) Approve an amendment to the existing professional services agreement with BAE Urban Economics to include the development of guidelines, procedures, and additional materials to implement the processes related to Capital Improvement Pass-throughs, No Fault Evictions, Hearing and Appeals, and an Administrative Handbook in an amount not to exceed \$70,116; and,
- 3) Approve an amendment to the existing professional services agreement with Tripepi Smith and Associates (TSA) continue implementation of a public communications program for the Rent Control and Tenant Protections Ordinances in an amount not-to-exceed \$30,500; and,
- 4) Approve an amendment to the existing professional services agreement with HdL to continue maintenance of the online residential rental registration system and education and compliance services in an amount not-to-exceed \$110,000; and,
- 5) Approve of an amendment to the existing professional services agreement with Sheri Ross to conduct review hearings related to applications and petitions from landlords and tenants at a rate of \$112.50 per hour in an amount not-to-exceed \$10,000.
- 6) Approval of an amendment to the existing professional services agreement with Bet Tzedek to continue providing legal services, relating to landlord-tenant and other housing issues, to Culver City residents in an amount not-to-exceed \$144,214.

## **BACKGROUND**

The City's Rent Control and Tenant Protection Ordinances went into effect on October 30, 2020, permanently establishing rent control and tenant protections in the City. On May 24, 2021, the City Council approved an annual registration fee of \$167 per residential rental unit to cover the reasonable costs associated with administering the Rent Control and Tenant Protections Program (Program). The initial registration deadline was set for July 31, 2021, and administratively extended through March 31, 2022 to provide a grace period in response to the ongoing hardships created by the COVID-19 pandemic.

## **DISCUSSION**

### **Rent Control and Tenant Protections Program Progress**

Over the past fiscal year, the Housing Division has made significant progress in the implementation of the Program. Three full time staff - which include the Rent Stabilization Analyst, Rent Stabilization Coordinator, and Administrative Clerk, were onboarded to oversee the Program's operations, interface with the public, and coordinate with its consultants. During the past 12 months, Program staff has received a total of 5,706 inquiries via calls, emails, and walk-ins. Program staff has also received four Petitions for Noncompliance and two Applications for Rent Adjustments during this fiscal year - with decisions issued on the rent adjustments and pending for the petitions. It should be noted that two of the petitions did not meet the jurisdictional requirements outlined in the Rent Control Ordinance and could not be progressed for a formal decision through the Program. The Program is currently at 67.5% compliance with respect to residential rental registrations and staff has actively consulted with its vendor, HdL, to increase compliance and awareness of the registration requirements in the City for both past due registrations and the upcoming registration period. In addition to coordinating with HdL, staff has worked with the consultants who will be discussed in this report to implement the remaining Program and ordinance requirements.

### **Professional Services Agreement Amendments**

The contractual services needed for the establishment and implementation of the Rent Control and Tenant Protection Program are exempt from competitive bidding procedures per Culver City Municipal Code Section 3.07.065.A, provided the contracts are based upon competitive quotations, whenever practical, as determined by the City Manager. Due to the significant institutional knowledge of the various consultants that have been involved in the Rent Control and Tenant Protection Program to date, the City Manager has determined competitive quotations are not necessary for these services at this time, as discussed in further detail for each of the requested contracts.

#### *Guidelines and Procedures Development: BAE Urban Economics (BAE)*

The City retained the services of BAE Urban Economics (BAE) in July 2019 to conduct a rent study for the Interim Rent Control Ordinance (IRCO). The amount of the contract was \$29,000.00. The contract was amended in December 2019 for \$79,380.00 to complete the second phase of the rent control study with the adoption of the Permanent Rent Control and Tenant Protection Ordinances (Ordinances). BAE's services are needed to complete the full establishment and implementation of the Ordinances.

Staff continues to work with BAE to develop written materials in alignment with industry standards and Culver City specific requirements to enforce the provisions of the Ordinances). BAE supports the Program through its research and development of ordinance required materials and processes. In Phase 2 of its work with the City in the implementation of the Ordinances, BAE will be developing guidelines and procedures to support the evaluation of Capital Improvements and implementation of Soft Story Ordinance requirements, an creating an administrative handbook identifying operational procedures, guideline rules related to removal of units from the rental market, and appeal and hearing procedures for contested petition and application decisions, and ongoing support in evaluating applications for upward or downward rent

adjustments. BAE will also help staff review drafted materials to ensure compliance with the Ordinances and identifying any areas requiring research of industry standards where the Ordinances are silent. To continue supporting the Program's implementation efforts, BAE has proposed a total budget not to exceed \$70,116.

BAE has been involved with the Program since its inception. It is important to have BAE assist with the preparation of Program Guidelines, forms and administrative handbook, all of which are needed to implement the permanent Ordinances and Program. In addition, these are time sensitive services, as Housing and City Attorney staff are having to move quickly in developing Guidelines and forms in order to respond to landlords' and tenants' needs and requests made pursuant to the Ordinances. For these reasons, it is not practical to obtain competitive quotes for these services at this time.

#### *Rent Registration - HdL*

The Rent Control Ordinance requires each landlord to register with the City each rental unit by July 31 annually, and each unit must be issued a registration certificate. The initial registration period was extended with late fees waived for all registrations completed by March 31, 2022. The rent registry allows Culver City to collect rental housing data and better understand the Culver City rental marketplace. The City's consultant, HdL is currently responsible for collecting and maintaining rent registry data for the City. There are an estimated 7,285 units covered under the Rent Control Ordinance. As of May 31, 2022, over 5,280 units have been registered with the City through HdL placing the Program at 89% compliance. For units that are not yet registered, staff and HdL continue to collaborate on education and compliance efforts to ensure all non-compliant accounts become compliant. Four letters were sent to property owners during the initial registration period. Additional compliance efforts are being made for the upcoming registration period. Ongoing discussions between HdL, staff, and the other consultants listed in this staff report are taking place to ensure community awareness of the registration requirements to further drive compliance. Without a robust education and compliance program, it is expected that the compliance rate for the registration requirement will either decrease or remain stagnant. To continue to drive engagement and use of the registration portal, not only for annual registration, but also for changes in ownership or tenancies, HdL has proposed a total budget not to exceed \$110,000.

Given that the City is still in the process of completing its first year of registrations, subsequent to the extended deadline, and gearing up for renewals by July 31<sup>st</sup>, it is not practical at time to obtain competitive quotes.

#### *Public Outreach and Communications - Tripepi Smith and Associates*

Staff has continued to work with Tripepi Smith and Associates (TSA), the City's communications consultant, to engage extensively with the community and create written educational materials to publicize the passage and requirements of the Ordinances. Staff and TSA have developed an education, outreach, and community engagement plan in response to frequently asked questions and knowledge gaps that have come up from the public. Since July 2021, TSA has provided information to the public via targeted social media ads, mailers, decisions trees for clarity around allowable rent increases and just cause evictions, regular website maintenance and updates, and press releases in alignment with larger tenant protection matters. TSA will be continuing to provide publicity around the Ordinances in the upcoming fiscal year promoting information through mailers, ad posts, and website updates related to relocation assistance, soft story requirements and capital improvements, no fault eviction protections, among other items that come up throughout the year. TSA has proposed a total budget not to exceed \$30,500 for its work on the proposed community engagement plan. This budget includes \$16,443 in TSA labor costs, \$12,254 in pass-through costs (such as postage and printing costs), and \$1,760 toward website updates and material translations.

TSA has been involved with public outreach and communications since the inception of the Program and are highly knowledgeable regarding the Ordinances and the educational needs of the community. Based on that, as well as the time sensitive need of these services, it is not practical at this time to obtain competitive quotes.

#### *Hearing Officer - Sheri Ross*

The City has engaged an outside consultant with prior hearing officer experience and with substantial legal and financial expertise to serve in this role. The Hearing Officer is responsible for evaluating appeals of application and petition decisions issued by the City in conjunction with BAE's analyses. Upon review of the appeal and information acquired at the hearing, the Hearing Officer will issue the final decision on appealed applications and petitions to either accept, modify, or reject the administrative decision that has been issued. The City has an existing professional services agreement with Sheri Ross at an hourly rate of \$112.50. Considering the City's pending petition decisions and inquiries

related to rent adjustments, and the amount of time required to review the materials and conduct the hearing, staff is requesting an extension of the contract for Sheri Ross in an amount not to exceed \$10,000. Thus far, there have been no appeals requiring the services of a hearing officer and staff would like to continue with Ms. Ross' on-call services at this time.

#### *Translation Services - Language Line*

As more written materials related to the Ordinances become available, staff will continue translating these materials into Spanish. In order to accommodate the ongoing workload, staff will continue use of an outside translation consultant, Language Line. It is expected that costs for these services will be approximately \$5,000 or less during the remainder of the fiscal year. This would fall under the existing agreement with Language Line and no budget amendment is required.

#### *Bet Tzedek - Legal Services*

Since the passage of the IRCO, and with the adoption of the permanent Ordinances, the Housing Division regularly receives inquiries from both landlords and tenants about landlord/tenant rights and responsibilities under California law and Federal Fair Housing law. Currently, the Housing Division refers inquiries that are outside the scope of services provided by the City, such as legal advice or violations of state and federal housing law, to Bet Tzedek. Bet Tzedek is a private, non-profit organization offering a variety of legal services, in Los Angeles County - and specifically provides dedicated legal services, including and up to full representation, to Culver City residents. The City's contract with Bet Tzedek designates a full-time attorney who is knowledgeable about California landlord/tenant law, Federal Fair Housing law, and Culver City Rent Control and Tenant Protections Ordinances, to assist Culver City residents. Bet Tzedek's contract also allows Culver City residents to contact them through a dedicated hotline and email address to obtain legal support.

Over the past fiscal year, Bet Tzedek has taken 50 cases - four of which resulted in full scope representation in State Court, and the remainder providing either advice and counsel or limited scope representation on housing matters. Bet Tzedek began holding Housing Clinics in May 2022, where residents can complete an intake and receive legal counseling and advice for their own unique housing issues. In addition, Bet Tzedek will continue conducting educational outreach to Culver City residents to ensure clarity of their rights and responsibilities under the Ordinances, including Know Your Rights workshops. The amount required to extend the contract with Bet Tzedek for the next fiscal year to maintain dedicated legal service for Culver City residents would be not to exceed \$144,214.

Staff recommends the City continue the retention of Bet Tzedek for continuity in implementation of the Ordinances. Very few firms provide this type of specialized legal service. The City's former consultant was extremely slow to respond to Culver City residents. In addition, Bet Tzedek is currently working with Culver City clients and there is a desire not to disrupt pending services/cases. If a new agency is selected to provide the services, the resident clients would have to re-establish a relationship with the new firm and in many of these cases time is of the essence to prevent eviction or to secure relocation assistance required under the Ordinances. For these reasons, it is not practical to obtain competitive quotes for these services at this time.

#### **FISCAL ANALYSIS**

A fee study was completed at the inception of the Program to ensure that all Program costs would be supported with revenue generated through the collection of the rent registration fee, which is currently set at \$167 per covered unit. Staff is using 5,280, the current number of compliant units, to estimate the revenue for Fiscal Year 2022/2023 at \$881,760. As more units come into compliance, this number will be adjusted. This estimated revenue exceeds the total \$817,994 Rent Stabilization expenditures in the Proposed Budget for Fiscal Year 2022/2023. Sufficient funding is included in Rent Stabilization - Other Contractual Services (10150550.619800) to support the amendments included in this report.

#### **ATTACHMENTS**

None.

#### **MOTION**

That the City Council:

1. Approve an amendment to the existing professional services agreement with BAE Urban Economics to include the development of guidelines, procedures, and related materials to implement the processes related to Capital Improvement Pass-throughs, No Fault Evictions, Hearings and Appeals, and a Staff Handbook in an amount not to exceed \$70,116; and,
2. Approve a professional services agreement with Tripepi Smith and Associates (TSA) continue implementation of a public communications program for the Rent Control and Tenant Protections Ordinances in an Amount Not-to-exceed \$30,500; and,
3. Approve an amendment to the existing professional services agreement with HdL to continue maintenance of the online residential rental registration system and education and compliance services in an amount not-to-exceed \$110,000; and,
4. Approve of an amendment to the existing professional services agreement with Sheri Ross to conduct review hearings related to applications and petitions from landlords and tenants at a rate of \$112.50 per hour in an amount not-to-exceed \$10,000; and,
5. Approve an amendment to the existing professional services agreement with Bet Tzedek to continue providing legal services to Culver City residents in an amount not-to-exceed \$144,214; and,
6. Authorize the City Attorney to review/prepare necessary documents; and,
7. Authorize the City Manager to execute such documents on behalf of the City.