

## Say Goodbye to Rent Control! – By Zachary Lawrence JD

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By Zachary Lawrence JD

I remember a beautiful song by Michael Jackson called: *Never Can Say Goodbye*. It's the story of how difficult it is to part with someone you love. Sometimes, however, saying *goodbye* can be a wonderful thing. And profitable!

Rent control, as we now know it, creates fiscal handcuffs on landlords who own buildings in rent controlled jurisdictions. The song remains the same. Each year, the Los Angeles Department of Rent Stabilization announces the amounts for which landlords may increase rents for that calendar year. These figures average about 3% annually.

Some rent control boards, such as in the City of West Hollywood, have actually imposed a 0% increase in rents for a certain calendar year. Landlords in that area must have no need to keep up with the ever-increasing costs of property ownership.

The same can be said for the City of Los Angeles. The rent control board for the City of Los Angeles whack us annually with SCEP (Systematic Code Enforcement) fees, registration fees, business license fees, etc. They then add insult to injury by dictating the annual and paltry amounts by which you may increase rents.

Since when can the federal government tell a businessman how much he/she can charge for his goods and services? Rent control is the antithesis of a free-market economy, says Dennis P. Block, eviction attorney and co-host of *Landlord/Tenant Radio*. Some of you may have heard Mr. Block and I on the radio discuss the way to beat rent control. It's called the Lease Discount Program or LDP.

Here's how it works: You are a landlord with a building in the City of Los Angeles that is under rent control, and have a vacancy. For the sake of this example, let's say the landlord wants \$1000.00 per month for his unit. He also wants annual increases which are more than 3% (or whatever the allowable annual increase is at the time). The landlord would draft a lease that creates a base rent of \$1,500.00 for year one of the lease. However, the landlord provides a discount to the base rent of \$1,500.00, based on the following schedule:

- ¢ Year #1 – \$500.00 discount
- ¢ Year #2 – \$400.00 discount
- ¢ Year #3 – \$300.00 discount

In this example, the landlord is creating annual rent increases of \$100.00 per year, which exceed the 3% (or the applicable amount for any given year) annual increases allowed by rent control. The key component of the LDP is to establish a base rent • on the face of your lease. The words base rent should appear prominently on the lease, along with your annual discounts.

In order to support the context of this article, I am including a letter received from The Los Angeles Housing Department (LAHD) which confirms the validity of the LDP. I also encourage you to call the LAHD and ask them the following question: *May I establish a base rent for my*

*rent controlled vacancy, and then discount the rent in a manner which will allow annual increases which may surpass those governed by the LAHD?*

Some of you may listen to my weekly radio program *Landlord/Tenant Radio* with attorney Dennis Block, on KTYM 1460 AM. For the last 13 years, we have been answering questions from landlords and tenants about their rights under California housing laws.

Mr. Block emphatically supports the LDP as a way to circumvent the handcuffs of rent control and allow the landlord to make a reasonable profit. Please note that the LDP may only be written for new tenants and not existing tenants. You may not change the terms of an existing tenancy in your rent controlled building to comport with the terms of the LDP. However, as soon as you have a vacancy, you may write your lease for prospective tenants which include the LDP.

As of this writing, the LDP is not available to use in the cities of Santa Monica or West Hollywood. However, the City of West Hollywood does allow landlords to offer incentives to fill vacancies. I spoke with the City of West Hollywood on this matter and they will not commit as to what specific guidelines are permitted with regard to these incentives. If you are a landlord in West Hollywood, please call the City for details.

To find out more about the Lease Discount Program, listen to Parkside Property Management's *Landlord /Tenant Radio*, with attorney Dennis P. Block, Tuesday's at 11:00 am on KTYM 1460 AM.

*Below is a letter from the LAHD to a tenant refusing to list this procedure as a violation to the Rent Control Ordinance and accepting the LDP as a lease term.*

**July 22, 2011**

**LAHD  
3350 Wilshire Boulevard, Suite 1500  
Los Angeles, CA 90010  
lahadlacity.org**

**LAHD Case: [omitted]  
Complaint Address: [omitted]**

**The Investigation and Enforcement Section has reached a determination regarding the alleged violations of the Rent Stabilization Ordinance.**

**Comments: Your case alleging an illegal rent increase and non- posting of RSO information is closed. Your Rental Agreement, with a commencement date of September 18, 2009, provides a \$100.00 rent concession for 12 months, from September 18, 2009 – September 17, 2010 reducing the rent from \$1,400.00 to \$1,300.00. After 12 months, the rent would be restored to the legal amount of \$1,400.00. Therefore, based on documentation provided, the legal base rent established at the inception of tenancy was \$1,400.00. In regards' to the non-posting of RSO information allegation, management provided a picture confirming that the RSO Notice has been posted in a conspicuous location at the property pursuant to Ordinance 180769. .**

**If further information is needed, please call Lead Investigator Araceli Gonzalez at (213) 252-1424.**

**Sincerely,  
Investigation and Enforcement Section**

*[Editor's Note: This is the opinion of the writer and AOA does not accept any responsibility for any adverse results that may occur as a result of using this idea!]*

*Zachary Lawrence JD is the owner of Parkside Property Management, the co-host of Landlord tenant Radio with attorney Dennis P. Block. He is also the producer of the DVD How to Beat Rent Control • . To purchase this DVD , please mail a check or money order for \$29.95 payable to Parkside Property Management , 11500 W. Olympic Blvd., Suite 400, L.A. CA 90064. For further information on Parkside Property and Landlord/Tenant Radio, visit [www.parkside123.com](http://www.parkside123.com).*

*The information in this article is not intended as legal advice or a guarantee of any kind and that anyone considering using the LDP should first consult with an attorney of their choice.*