



CITY OF CULVER CITY

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RENT CONTROL (ORDINANCE NO. 2020-014) GUIDELINE/RULE NO. 2021-RC04 (Owner-Performed Labor)

Pursuant to the authority granted under Culver City Municipal Code (“CCMC”) Section 15.09.265, the Community Development Director (“Director”) hereby issues this Guideline/Rule 2021-RC04 (“Guideline”) to administer certain requirements of CCMC Section 15.09.220, Applications for Rent Adjustments, and 15.09.225, Capital Improvement Pass-Through Cost Recovery.

Authority: Section 15.09.265 of the Culver City Municipal Code provides:

The Director is authorized to administer and enforce this Subchapter, which may include promulgating guidelines and rules consistent with the provisions of this Subchapter. These Housing Division Guidelines shall have the force and effect of law and may be relied upon by parties to determine their rights and responsibilities under this Subchapter.

Background and Summary:

This Guideline intends to provide a uniform framework from which City Staff and the Director may evaluate the calculation of eligible Owner-Performed Labor as part of the review of applications submitted under the following CCMC provisions:

- 15.09.220, Applications for Rent Adjustments; and
- 15.09.225, Capital Improvement Pass-Through Cost Recovery

Under CCMC Section 15.09.220, in the event that Operating Expenses incurred during the Current and/or Base Year prevented a “fair and reasonable return”, the Landlord is entitled to claim such expenses, including any Owner-Performed Labor.

Under CCMC Section 15.09.225, Landlords are also permitted to submit a Pass-Through Cost Recovery Application, whereby 50 percent of approved costs for eligible Capital Improvements can be passed through to the Tenant. To the extent that such improvements involve labor undertaken by the Landlord in accordance with the law, the value of such Owner-Performed Labor could potentially be passed along to the Tenant.

Guideline/Rule: Sections 15.09.220 and 15.09.225 will be administered by the City as follows:

Landlord Application

1. All Rent Adjustment Applications will be processed as described in the Guideline/Rule No. 2021-RC02; and all Pass-Through Applications will be processed as described in the forthcoming Guideline Rule 2021-RC06.
2. Owner-Performed Labor associated with eligible Operating Expenses shall be filled out on Table E of the Rent Adjustment Application, and Table xx of the Pass-Through Application.
3. To quantify any Operating Expense associated with Owner-Performed Labor, Landlords are directed to Table H of the Rent Adjustment Application, and Table xx of the Pass-Through Application.

The Tables identify three (3) classifications of labor:

- Unskilled
- Semi-Skilled, and
- Skilled

Application Evaluation

4. **Allowable Wages by Owner-Performed Labor Classification** will be determined as follows for the “Base Year” as defined in Guideline Rule 2021-RC02:

- **Unskilled Wages** will be set at the County of Los Angeles or Culver City Minimum Wage, whichever is the higher at the time of the Application.¹
- **Semi-Skilled Wages** will be set at \$25.00 per hour.²
- **Skilled Wages** will be set at \$40.00 per hour.³

5. **Labor classifications** will be defined using the following parameters:

Unskilled Labor

Jobs that do not require any formal education or training, including but not limited to:

- Mowing or watering lawn;
- Cleaning, sweeping;
- Arranging for handypersons, buying supplies
- Collecting rents, keeping records,

¹ \$13.25 per hour in Los Angeles County with 25 or fewer employees as of June 2021.

² Guidance can be found from the Bureau of Labor Statistics (BLS) Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates most current year available. 49-0000 SIC code “Installation, Maintenance, and Repair Occupations.

³ Per Director of Industrial Relations' General Prevailing Wage Determinations for [Residential Plumber in Los Angeles County](#). (California Department of Industrial Relations).

Semi-Skilled Labor

Includes jobs that require certain abilities and training beforehand, but not any formal education or specialized skills, including but not limited to:

- Painting
- Minor plumbing
- Minor repairs
- Planting

Skilled Labor

Includes jobs that require formal training, education, or work experience, including but not limited to:

- Electrical
- Plumbing
- Carpentry

6. **Annual Adjustments:** Allowable Hourly Wages as detailed above for the “Base Year” will be updated annually based on the same CPI indicators as defined in Guideline Rule No. 2020-RC01, as needed.

7. **Eligibility Criteria:** Eligibility to qualify for Owner-Performed Labor-associated Operating Expenses include the following:

- For “Skilled Labor”, Landlord must be licensed and/or permitted to conduct the work in the State of California.
- For any activity that requires a permit, Landlord must have secured the proper Building Permit from the Building Safety Division or other relevant department.

Staff Analysis

Rent Adjustment Application

8. Staff will determine that proper documentation was provided for each line item on Table H, including a description of the work, date and time, and number of hours. Two (2) copies of documentation will be required.

9. Staff will determine whether the Owner-Performed Labor was correctly classified according to #5, as well as not double-counted. For example, Unskilled Labor functions such as collecting rent, arranging for handy persons, etc. may be more appropriately classified under Administrative/Management Expenses (Table E, Line 7).

10. Staff will determine whether Owner-Performed Labor is eligible according to #7.

11. For Eligible Owner-Performed Labor Expenses, Staff will calculate the Annual CPI Adjustment Multiplier, according to Guideline Rule 2020-RC01.

Capital Improvement Pass-Through Application

12. Staff will determine whether the Owner-Performed Labor can be attributable to an eligible capital improvement expense. For example, while Capital Improvements cannot include regular maintenance or repairs from wear and tear, they can include the addition (but not the replacement) of improvements with a useful life of five years or more.

13. For Capital Improvement Expenses deemed eligible, Owner-Performed Labor associated with such expenses will be analyzed by Staff according to #8 - #11.

Final Calculation

14. Once all documentation has been gathered for the Rent Adjustment and/or Pass-through Application, Staff will issue a determination regarding the final calculation of eligible Owner-Performed Labor expenses.

15. The Director retains the discretion to adjust the final calculation based on the evidence provided.

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