



# CIVIC

## MULTIFAMILY

INCORPORATED CITY OF LOS ANGELES  
RENT CONTROL



## SECTION I - RENT STABILIZATION ORDINANCE (RSO)

### A. OVERVIEW:

1. Regulates tenants and evictions if the property was built on or before Oct. 1, 1978, or newly constructed units built after July 15, 2007 that replaced demolished RSO rental units
2. Approx. 631,000 units in 118,000 properties throughout the city that fall under RSO
3. Includes the following building types:
  - a. Apartment, condominium, townhome, duplex, 2+ single family dwelling units on the same parcel, rooms in a hotel, motel, or boarding house that have been occupied by the same tenant for 30+ days, residential units attached to a commercial building, and mobile homes and recreational vehicles in a mobile home park.
  - b. Under the Costa-Hawkins Rental Housing Act of 1955, SFR's and condos are exempted from price controls, but are still subject to eviction controls and must pay annual fees.

### B. WHAT THE RSO COVERS:

1. Allowable rent increases (refer also to Section C “When Rent Can Be Increased”)
2. Registration of rental units:
  - a. All properties with RSO must post notification that the property is subject to the RSO
  - b. All units rented/offered must be registered annually with HCIDLA. New property owners have 45 days to register their rental property and if applicable, file Temporary Exemption (<https://hcidla.lacity.org/Annual-Temporary-Exemptions>).
  - c. Beginning in 2017, landlords must complete the Rent Registry form in addition to paying the annual registration fee (<https://hcidla.lacity.org/rentregistry>).
  - d. Owners responsible for payment of annual fees, but costs can be shared by landlords and tenants
  - e. If status of previously exempted unit changes, owner must notify the HCIDLA and pay applicable fees within 10 days
3. Legal reasons for eviction:
  - a. Tenant failure to pay rent
  - b. Tenant violation of rental agreement/lease
  - c. Tenant is using rental unit or common areas for illegal purpose
  - d. Refusal to renew lease or rental agreement of like terms and conditions
  - e. Tenant refusing access to landlord for repairs and inspections
  - f. Failure to relocate after agreeing to a Tenant Habitability Plan (THP)
4. Types of evictions requiring payment of tenant relocation assistance:
  - a. Landlord wants the rental unit for his own use or for a family member
  - b. Wants the rental unit for the use of a resident manager
  - c. Wants to demolish or permanently remove the unit from rental housing use
  - d. Landlord has been ordered to vacate the unit by a gov. agency, as the result of a legal violation
  - e. Federal government owns the property and wants to sell it
  - f. The landlord seeks to convert the property to an affordable housing accommodation
  - g. Tenant agrees to vacate the unit as part of a Primary Renovation Program

5. Determination of relocation assistance:

- a. The amount of relocation assistance depends on whether the tenant is an Eligible or Qualified tenant, the length of tenancy, and the tenant's income.
  - i. Qualified Tenant: any tenant who is 62 years of age or older; handicapped or disabled; or who has one more minor dependent children.
  - ii. Eligible Tenant: any tenant who is not a Qualified tenant. An Eligible tenant is entitled to receive a relocation assistance amount that depends on length of time in the unit and their income.
  - iii. Low Income Tenant: a tenant whose income is 80% or less of the Area Median Income (adjust for household size), as defined by HUD, regardless of the length of tenancy.
- b. Landlords who own four or less residential units and one single-family home qualify as "Mom and Pop" landlords, and therefore can pay a lower amount of relocation assistance.
- c. Both the landlord and a tenant may appeal the relocation assistance determination within 15 days. They must pay a \$200 fee per rental unit, and can only appeal based on income, age, length of tenancy, and family status or disability.
- d. Relocation assistance payments must be made within 15 days of the written notice to terminate tenancy.

6. RSO Disclosure Notice for all "Cash for Keys" or Tenant Buyout Agreements:

- a. Written agreement where a landlord pays a tenant money or other consideration to voluntarily move out of a Rent Stabilization Ordinance (RSO) unit
  - i. Landlord must give tenant the RSO Disclosure Notice, which must be dated and signed by the tenant if they accept the offer.
  - ii. Buyout Agreement must be in the primary language of the tenant
  - iii. Must include 12 point bold language above the signature line as follows:  
"You, (tenant name), may cancel this Buyout Agreement any time up to 30 days after all parties have signed this Agreement without any obligation or penalty."
  - iv. Landlord must file a copy of the signed and dated RSO Disclosure Notice and Buyout Agreement with HCIDLA within 60 days of both parties signing it.
- b. Link: [RSO Disclosure Notice](#).
- c. Tenant is not required to accept or sign the Buyout Agreement
- d. Tenant may cancel it up to 30 days after signing the obligation without penalty
- e. If the above actions are not taken by the landlord, the tenant may cancel the Buyout Agreement at any time and has the right to retain an attorney for civic remedy

**C. WHEN RENT CAN BE INCREASED:**

1. Rent may be increased to the market rate if:

- a. Tenant voluntarily moves out
- b. Tenant does not pay rent and is evicted
- c. Tenant violated the lease agreement/damaged the building and is evicted
- d. Tenant is evicted for failure to comply with a Tenant Habitability Plan
- e. Tenant is evicted per a City Attorney order
- f. Tenant accepts a Tenant Buyout Agreement (see Section 1B.5.a)

2. Rent may be increased once every 12 months by the allowable rent increase percentage:
  - a. Allowable increase always within 3% to 8% range
  - b. For the period July 1, 2019 – June 30, 2020, the increase is capped at 4% (on the rent + security deposit)
  - c. Can increase an additional 1% for gas and 1% for electricity on top of this 4% increase if the landlord pays for those utilities
3. If an additional tenant moves into a rental unit, the landlord can increase rent within 60 days of learning about them
4. ANNUAL \$12.25 surcharge may be collected only in the month of August as the tenant's portion of the registration fee required to be in the RSO
5. MONTHLY \$3.61 surcharge may be collected by landlord for the Systematic Code Enforcement Program. This represents 1/12<sup>th</sup> of the annual \$43.32 fee charged to landlords per unit per year.
6. MONTHLY \$3.00 surcharge may be added for the installation and cost of hard-wire smoke/carbon monoxide detectors. Once costs have been recouped, the charge is removed. Only can be applied to affected tenants.

#### **D. RENT INCREASES THAT REQUIRE HCIDLA APPROVAL:**

1. Capital Improvement Program:
  - a. Splits the cost of approvable expenditures 50/50 between the landlord and all tenants benefiting from the improvement. Landlords do not need the approval of the tenant.
  - b. Improvements must primarily benefit the tenant, last 5+ years, be permanently affixed, completed within 12 months of the date of the landlord's application, and must not be a routine maintenance/repair.
  - c. Max temporary rent surcharge per unit is \$55. The surcharge is collected for 60 months, or until the total amount approved is collected.
  - d. The department applies the following formula to determine the rent increase:  
Total Cost x 50% divided by 60 months divided by # of rental units.
    - i. Ex: total cost for the exterior painting of a 24 unit building = \$25,000.  
To calculate rent increase:  
\$25,000 x 50% = \$12,500 → \$12,500 / 60 months = \$208.33 → \$208.33 / 24 units = \$8.68 per month for each unit
  - e. Online application:  
<http://hcidapp.lacity.org/Rent/CaseAnalysis/CapitalImprovement/FillCapitalImprovementForm>
2. Primary Renovation Program:
  - a. Once the renovation is complete, landlords can recover costs for major renovations of building systems or to reduce exposure to hazardous materials. Reimbursement is based on a formula factoring in the cost of renovation.
  - b. Step one: application and approval to the Tenant Habitability Program (see Section I, Subsection E)
  - c. Step two: application and approval to the Primary Renovation Cost Recovery Program
    - i. [Detailed guidelines describing the Primary Renovation Program.](#)
    - ii. Complete online application: <http://hcidapp.lacity.org/Rent/CaseAnalysis/PrimaryRenovation/QuestionnairePrimaryRenovationApplicationForm>

### 3. Seismic Retrofit Program:

- a. Effective Feb 12, 2016, landlords can recover costs for seismic retrofit work mandated by the Soft-Story Ordinance.
- b. Allows for a pass-through of up to 50% of total seismic retrofit costs divided equally among all rental units, if approved by the HCIDLA
- c. Max rent increase of \$38/month for 120 months
- d. To qualify, you must submit an online application here:
  - i. <http://hcidapp.lacity.org/Rent/CaseAnalysis/SeismicRetrofit/SeismicRetrofitApplicationForm>
- e. Must also mail supporting documentation to the department's office, which includes a copy of the Registration Statement, Tenant Habitability Plan, invoices for the completed work, rent roll, permits, and Cert of Compliance for the Seismic Retrofit Work.

### 4. Rehabilitation Program:

- a. Allows landlords to recover the cost of work done to a unit or common area if it was mandated by a federal, state, or local agency through the Health, Safety, or Building Codes.
- b. Allows landlords to recover costs of repairing damage caused by a natural disaster.
- c. The department applies the following formula to determine the rent increase: Total Cost divided by 60 months divided by # of rental units that benefit from improvement
  - i. Ex: total cost for earthquake-damage at a 24 unit building = \$25,000.  
To calculate rent increase:  
 $\$25,000 / 60 \text{ months} = \$416.67 \rightarrow \$208.33 / 24 \text{ units} = \$17.36 \text{ per month for each unit}$
  - ii. The max temporary rent surcharge is \$75 per unit, which is collected for 60 months or until the total amount approved is collected.
- d. Online application: <http://hcidapp.lacity.org/Rent/CaseAnalysis/RehabilitationWork/FillRehabilitationWorkForm>
  - i. Must apply within 12 months of completing the work
  - ii. Must mail supporting documentation to within 30 days of filing the application

### 5. Just and Reasonable Rent Increase:

- a. A landlord can apply for a rent increase when their net operating income adjusted for inflation is not sufficient to cover the property's operating expenses.
- b. Net Income from the owners' first year is compared with the Net Income in the current year. If the business is currently unprofitable compared with its first year of operation, a permanent rent increase adjusted for inflation may be permitted.
- c. Online application:  
<http://hcidapp.lacity.org/Rent/CaseAnalysis/JustAndReasonable/JustAndReasonableApplicationForm>
  - i. Must mail supporting documentation to within 30 days of filing the application

### 6. Luxury Exemption:

- a. Upscale rental units are not subject to the RSO if the landlord obtains a Luxury Exemption Certificate from the HCIDLA.
- b. Must prove the building generating the following rents on or before March 31, 1978:
  - i. Studio = \$302
  - ii. 1 bed = \$420
  - iii. 2 bed = \$588
  - iv. 3 bed = \$756
  - v. 4 bed+ = \$823

- c. The property only needs to have been luxurious in 1978 to be exempted, even if it is no longer considered to be.
- d. Online application: <http://hcidapp.lacity.org/Rent/CaseAnalysis/LuxuryHousing/FillLuxuryExemptionForm>
  - i. Must mail supporting documentation to within 30 days of filing the application

**E. TENANT HABITABILITY PROGRAM:**

- 1. The intent is to protect tenants from housing conditions and/or forced permanent displacement.
- 2. If you plan to rehab a building subject to RSO, your work may qualify within scope of the THP.

**F. QUALIFYING WORK FOR TENANT HABITABILITY PROGRAM:**

- 1. Seismic Retrofit
  - a. See above explanation
- 2. Primary Renovation Program:
  - a. Replacement of existing water or gas supply lines or drain waste lines
  - b. Replacement of electrical wiring circuits, service panel, or addition of electrical work
  - c. Replacement or upgrading of a heating ventilation, HVAC system, or elevator system
  - d. Changes or improvements to the foundation or to the structure (including roof)
  - e. Abatement of hazardous materials, such as lead-based paint and asbestos

**G. TENANT HABITABILITY PLAN (THP):**

- 1. The heart of the program, a THP is a document prepared by a property owner with the assistance of the Department’s Tenant Habitability Program unit staff.
- 2. Describes the scope of work and methods the owner and contractor will use to mitigate potential impact to the tenants and the tenants' personal property during the renovation.
- 3. In order to qualify for cost recovery, a landlord must complete a THP, submit a Tenant Habitability Program application, and receive approval.
- 4. Online THP Application: <https://hcidapp.lacity.org/CentralIDM/ComCon/Tab/RenderTab?tabName=Login&returnUrl=https://hcidapp.lacity.org/CCRIS2CP/>
- 5. Required Information:
  - a. Identification of the landlord and general contractor responsible for renovations
  - b. Identification of all potentially affected tenants, including rent and lease terms of each
  - c. Description of all work to be completed, estimate of total project costs, and renovation cost and timeline for each affected unit
  - d. Impact of the renovation on habitability for the affected tenants
  - e. Mitigation measures to be adopted that ensure the tenants are not required to occupy an untenable dwelling. No work outside the hours of 8am - 5pm Mon-Fri.
  - f. Identification of the renovation impact on the tenants’ personal property
  - g. Mitigation measures to secure and protect tenant property from foreseeable damage

## SECTION II - RENTERS

### A. LOS ANGELES HOUSING CODE:

1. Applies to all rental properties with 2+ units where at least 1 is a rental unit
2. Purpose is to ensure that rental housing is maintained in accordance with building codes and standards established by the city
3. Housing departments conducts periodic inspections to enforce this, called Systematic Code Enforcement Program (SCEP).

### B. SYSTEMATIC CODE ENFORCEMENT PROGRAM (SCEP):

1. Purpose: To verify compliance with the applicable building and housing codes, and maintain the quality of life for tenants. Link to property standards: <https://hcidla.lacity.org/Property-Standards>.
2. SCEP Inspection Process:
  - a. HCIDLA notifies property owner of upcoming inspection 30 days in advance by mailing a Notice of Inspection (NOI).
  - b. Inspection staff will post Inspection Notice at the property 30 days prior to inform tenants/property owner of the date and time of the inspection.
  - c. Inspector will come to property and ensure property meets required standards.
  - d. If violations are identified, a written order describing the violation is mailed to the owner, and a copy will be posted at the property as well.
  - e. Property owner must correct all cited violations by the compliance date.
  - f. After the compliance date, the inspector will conduct a re-inspection.
  - g. If violations are not corrected, the inspectors may refer the property into REAP or to the City Attorney's Office.
  - h. Extension can only be granted after the first re-inspection is conducted.
3. Fee: The current SCEP fee is \$43.32 per unit per year. The landlord can collect 1/12<sup>th</sup> of this amount from the tenant per month.

### C. COMPLAINT INSPECTIONS:

1. Urgent Complaint: any conditions that poses a serious risk to health or safety. Examples include: no hot water in the unit, no heat during winter season, illegal construction in progress, etc.
2. Non-Urgent Complaint: anything else. Examples include inoperable windows, leaky faucets, peeling paint, etc.
3. Complaint Inspection Process:
  - a. Anyone can report a violation, either online: <http://hcidapp.lacity.org/ReportViolation/Pages/ReportViolation>, or by calling (866) 557-7368.
  - b. You will be contacted within 72 hours of your complaint.
  - c. Owner is sent a "courtesy letter" detailing the nature of the complaint, which they have two weeks to correct (depending on the urgency).
  - d. If the owner does not correct the issue by the established inspection date, they are given an additional 30 days to correct the violation.

- e. If violations are not corrected, the inspectors may refer the property into REAP or to the City Attorney's Office.
- f. Extension can only be granted after the first re-inspection is conducted.

#### **D. RENT ESCROW ACCOUNT PROGRAM (REAP):**

1. What is REAP: A program that encourages landlords to fix their properties and restore them to a safe and habitable condition.
2. How it works:
  - a. When the Department has cited health and safety and Housing Code violations on a rental property, and those violations have not been corrected in the time allowed, it may refer the property for inclusion into REAP.
  - b. Tenant will be afforded a rent reduction (10%-50%) depending on the severity of the violation. The tenants' reduction will be indicated on the REAP notice they receive.
  - c. REAP Department opens an escrow account where the tenant may choose to pay the reduced monthly rent. Otherwise, the reduced monthly rent can be paid directly to the landlord.
  - d. Department assesses an admin fee of \$50 per unit per month that your property is in REAP.
  - e. A tenant outreach contractor from the REAP Department will be assigned to the case to help with issues such as paying rent and informing tenants of their rights.
  - f. A landlord outreach contractor will be assigned to assist the landlord with any questions. They can be reached at (323) 937-6468.

#### Sources:

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