RENT ADJUSTMENT COMMISSION
REGULATIONS AND GUIDELINES
Includes amendments through September 2005

I N D E X

RENT Stabilization

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RENT ADJUSTMENT COMMISSION
REGULATIONS AND GUIDELINES
Revisions Adopted Effective October 21, 2004

100.00 INTRODUCTION

100.01 The Rent Adjustment Commission (RAC) is authorized to issue orders and to promulgate policies, rules, and regulations which carry out the purposes of the Rent Stabilization Ordinance and to promulgate policies, rules, and regulations regarding other provisions of the Los Angeles Municipal Code (LAMC) to the extent that such provisions impact on rents.

Under Article 1 (Housing Code) and Article 2 (Rent Escrow Account Program) of Chapter XVI of the LAMC, the RAC is designated as the Appeals Board authorized to hear and decide appeals of orders, decisions or determinations made by the General Manager and has the authority to adopt rules of procedure for conducting business. The Appeals Board is authorized to exercise the authority of a housing appeals board set forth in the California Health & Safety Code Section 17959.4.

The powers and authority of the RAC are found in Sections 151.03 and 151.08 of the LAMC. Additional functions that are mandated to the Commission are found in Sections 151.02; 151.05 H; 151.05.1; 151.06.02 A; 151.06.1 B; 151.06.2 A; 151.07 Al, 4, 5, 7, 8; 151.07 B1, 3 and 4; 151.09 G, J, K, L; 151.20 B; and 153.05 A; as well as Sections 161.1002, 162.05, 162.06, 162.07, 163.01 and 163.07 of the Housing Regulations. These regulations and guidelines are promulgated under these authorities.

100.02 The Rent Stabilization provisions of the LAMC became effective on May 1, 1979. The law was passed "to safeguard tenants from excessive rents, while at the same time providing landlords with just and reasonable returns from their rental units." (LAMC 151.01)

The Housing Code, Article 1 of Chapter XVI of the LAMC, Housing Regulations, was adopted in the interest of the health, safety and welfare of the people of Los Angeles in order "to protect and promote the existence of sound and wholesome residential buildings, dwelling units and neighborhoods by the adoption and enforcement of such standards, regulations and procedures as will remedy the existence or prevent the development or creation of dangerous, substandard, or unsanitary and deficient residential buildings and dwelling units". (LAMC 161.102) The City Council further adopted Article 2, the Rent Escrow Account Program, in order "to provide a just, equitable, and practical method to enforce the Housing Code and to encourage compliance by landlords with respect to the maintenance and repair of residential buildings, structures, premises and portions of those buildings, structures and premises."

In adopting rules and regulations, it is the intention of the RAC to promote and enforce the purposes of the Rent Stabilization Ordinance and the Housing Regulations stated above.

100.03 The RAC of the City of Los Angeles consists of seven members comprised of individuals who are neither landlords nor tenants of residential rental property.

100.04 The Department administering the Rent Stabilization Ordinance and the Housing Regulations is the Los Angeles Housing Department.

100.05 These regulations and guidelines will be known as the "RAC Regulations and Guidelines."

100.06 References made in the RAC Regulations and Guidelines to the LAMC, which contains the Rent Stabilization Ordinance and Housing Regulations, will be preceded by the letters LAMC.

101.00 POLICY STATEMENTS OF THE RENT ADJUSTMENT COMMISSION

101.01 A. LANDLORD - TENANT COOPERATION

Beyond its role in formulating policies and rules, the Commission has a civic responsibility to foster a climate of better understanding between landlords and tenants, and not to polarize these two important segments of the City. The Commission therefore encourages open communication between landlords and tenants. A sense of openness and cooperation between landlords and tenants can reduce tensions that might otherwise arise.

B. ROLE OF THE APPEALS BOARD

As an Appeals Hearing Board, the RAC has a special role in providing a final administrative avenue of review to parties who are aggrieved by a determination by the General Manager or his or her delegate. It is the policy of the RAC that appeals be conducted fairly and impartially.

101.02 PUBLIC COMMENTS

The Commission will hold regularly scheduled meetings during the lifetime of the Ordinance. Issues for Commission consideration should be brought to the attention of the Department. While the Commission cannot handle individual landlord and tenant complaints, every effort will be made to schedule public comments before the Commission on issues affecting the operation of the Rent Stabilization Ordinance and the Housing Regulations.

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CAPITAL IMPROVEMENT REGULATIONS

Effective Date 5/20/82
Amended Through 6/26/91

INDEX

211.01 DEFINITIONS:

a. A capital improvement as defined in the Ordinance is: "The addition or replacement of the following improvements to a rental unit or common areas of the housing complex containing the rental units, provided such new improvement has a useful life of five (5) years or more: roofing, carpeting, draperies, stuccoing the outside of a building, air conditioning, security gates, swimming pool, sauna or hot tub, fencing, garbage disposal, washing machine, or clothes dryer, dishwasher, children's play equipment permanently installed on the premises, the complete exterior painting of the building, and other similar improvements as determined by the Rent Adjustment Commission. Provided, however, that the complete exterior painting of a building shall only be considered as an eligible capital improvement once every ten (10) years." (LAMC 151.02)

b. The word "City" used in these regulations shall refer to the City of Los Angeles.

c. The word "Department" used in these regulations shall refer to that City Department designated in section 151.02 of the Los Angeles Municipal Code.

d. The words "hearing officers" used in these regulations shall refer to those hearing officers designated in section 151.07 of the Los Angeles Municipal Code.

e. The word "Commission" used in these regulations shall refer to the Rent Adjustment Commission designated in sections 151.02, 151.07, and 151.08 of the Los Angeles Municipal Code.

f. The Maximum Adjusted Rent as defined in the Ordinance is: "The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter, and less any rent reductions required by regulations promulgated by the Commission pursuant to Section 151.08 of this chapter or imposed pursuant to Section 151.06.5 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include (1) any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after January 1, 1981 and such work was begun prior to June 1, 1982, or (2) any increase for capital improvement work where the application for a rent increase is filed with the Department on or after October 1, 1989, or, (3) any increase for smoke detectors installed on or after January 1, 1981." (LAMC 151.02)

g. The Maximum Rent as defined in the Ordinance is: "The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate of rent in effect between October 1, 1978 and March 31, 1979. If a rental unit was not rented during this period, then it shall be the rent legally in effect at the time the rental unit was or is first rented after the effective date of this Chapter." (LAMC 151.02)

h. A Rent Increase as defined in the Ordinance is: "An increase in rent or any reduction in housing services where there is not a corresponding reduction in the amount of rent received. The Rent Adjustment Commission shall promulgate regulations as to what constitutes such "corresponding reduction". (LAMC 151.02)

i. The phrase "temporary rent increase" as used in these regulations is an increase permitted by the Ordinance which must be terminated when certain conditions are met; for example, smoke detectors when the full cost of purchase and installation has been recovered, or capital improvement increases granted which were applied for after September 30, 1989.

j. The phrase "permanent rent increase" as used in these regulations is an increase permitted by the Ordinance which continues indefinitely.

k. The phrase "work begun" as used in these regulations refers to that date on which the first physical work is done in a unit or common area for which a rent increase application is made. A landlord may be requested to furnish proof of the date work was begun on each improvement listed in a landlord's capital improvement application.

l. The words "approved by the Department" and any other equivalent phrase used in these regulations shall refer to notification by the Department by letter, form or other document that a landlord's application for a capital improvement rent increase has been approved. The effective date of approval shall be that date typed, stamped, or written on the approval notice. If an approval notice carries no date, the effective date shall be the date postmarked on the envelope in which the approval notice was mailed. In the absence of a date on either the notice and/or the envelope in which the notice was mailed, the approval date shall be that date indicated in the records of the Department showing that an application was approved. In the event that a Departmental approval is appealed and affirmed by a hearing officer the date of initial approval shall govern. In the event that an application is denied by the Department and approved by a hearing officer after a hearing, the date of approval shall be the date of the hearing officer's determination.

m. The phrase "completion of work" as used in LAMC 151.07 A2 and in these regulations, or other equivalent words in the Ordinance or these regulations, shall refer to the last date on which any physical work took place. For improvements which require a permit from the Building & Safety Department, the date of completion certified by the Building & Safety inspector shall serve as an acceptable date for determining the completion of work. The burden of proof shall be on the landlord to establish the date of the completion of work. (LAMC 151.07 A2a)

n. The term "Documented time cards" shall refer to the records of an employee which list the date worked, hours worked, the job performed, and the rate of pay. All documented time cards must be signed by the employee.

o. Seismic work is "Work required for seismic repair, reinforcement, and rehabilitation which is shown on the plans approved by the Department of Building and Safety, as described in Section 91.8805 of this Code, and limited to the following:

1. tension wall anchors;
2. diaphragm strengthening or connection;
3. bracing of existing walls;
4. strengthening existing shear walls;
5. adding new lateral load resisting elements;
6. structural elements that provide a continuous stress path;
7. new footings;
8. removal, stabilization, or bracing of parapets or appendages;
9. structural repair work;
10. other work necessary to restore the rental unit to a completed and habitable condition."

p. All other words and phrases not defined herein shall be construed as defined in Sections 12.03 and 151.00 et seq. of the Los Angeles Municipal Code.

211.02 In addition to the items listed in the Ordinance, similar items will be allowable capital improvements which conform to the following principles:

a. The improvement must primarily benefit the tenant rather than the landlord. For example: the remodeling of the lobby would be eligible as a capital improvement while the construction of a sign advertising the rental complex would not be eligible.

b. The complete painting of the exterior of the building or the complete painting of the common interior areas are eligible as a capital improvement, while the painting of the rental units is not eligible as a capital improvement. However,

the complete painting of the exterior of the building is eligible as a capital improvement only once every ten years. (LAMC 151.02)

c. The improvement must have a life expectancy of five years or more.

d. Equipment, the cost of which is eligible as a capital improvement, must be permanently fixed in place or relatively immobile. For example, sinks, bathtubs, stoves, refrigerators, and kitchen cabinets are examples of items eligible as capital improvements, but hotplates, toasters, throw rugs and hibachis would not be eligible.

e. Normal routine maintenance and repair of the rental unit and the building is not a capital improvement. For example, the patching of a window screen is not a capital improvement while the replacement of old screens with new screens would be a capital improvement.

f. Salaries to cover additional services (for example, the wages of a doorman, parking attendant, life guard or gardener) are not eligible as capital improvements although, voluntary agreements for payment for such additional services may be entered into between the landlord and tenant pursuant to LAMC 151.18.

g. In establishing the cost of a capital improvement, the landlord must present evidence of the actual purchase price of the improvement. The landlord may not transfer the landlord's personal appliances, furniture, etc., or those inherited or borrowed from friends and arbitrarily establish a value on which the rent increase is requested.

h. The capital cost of converting from master to individual utility meters shall be considered a capital improvement only when accompanied by a rental reduction equal to the utility cost formerly included as part of rent pursuant to RAC regulations 420.00ff.

i. Capital improvements otherwise eligible for a rent increase are not eligible if the landlord charges a "user fee" to the tenants. Thus, installation of new or replacement of existing coin-operated washers and dryers are not capital improvements, and the cost for such items should not be included in the application for a capital improvement rent increase.

j. The cost of purchase and installation of a solar energy or other energy saving system (such as insulation, etc.) shall be considered a capital

improvement, provided that the improvement meets all other eligibility requirements.

k. An improvement which is financed under a lease-purchase agreement shall be considered eligible for a rent increase provided that all of the following conditions are met:

1. The lease-purchase agreement is for a term of at least five years;

2. The lease permits the landlord to apply the lease payments toward the eventual purchase price of the improvement;

3. The lease-purchase agreement sets forth the portion of the cost which represents the equivalent purchase price of the improvement, absent all financing or other costs (e.g. insurance fees);

4. No interest or other expenses involved in the lease other than the purchase and installation costs shall be included for the purpose of determining the rent increase;

5. The rent increases shall not exceed 1/60th of the equivalent purchase price divided equally among all of the units benefitting from the capital improvement;

6. Where a landlord is eligible for compensation for any portion of the cost of the improvement, such as cash rebates and federal or state tax credits, this compensation must be deducted from the equivalent purchase price of the improvement before amortizing the cost among the units;

7. The improvement shall meet all of the other requirements set forth in the Ordinance and the Commission's Capital Improvement Regulations in order to be considered a capital improvement;

8. If the improvement is removed before termination of the lease-purchase agreement, the tenant shall no longer be required to pay the approved rent increase. (effective 5-20-83)

l. The replacement of a major component of a system or appliance shall be considered eligible as a capital improvement provided that the component meets all other eligibility requirements. (effective 11/14/83)

m. Seismic work completed after March 21, 1990 or for which an application for rent increase was received after that date is not eligible as a capital improvement. (LAMC 151.07a)

211.03 Only improvements completed on or after April 1, 1978, are eligible for a capital improvement rent increase. No tentative approval can be given prior to completion of an improvement.

211.04 The eligibility of any particular improvement included in the landlord's application for a rent increase based on capital improvements will be determined by the Department. (LAMC 151.07 A1)

211.05 If a capital improvement has already been the basis of a rent increase under the City's Rent Moratorium Ordinance or if it has been subject to an automatic increase (e.g. smoke detector), or if it is for the same type of capital improvement for which an increase has been approved for the same unit(s) within the last five years and that increase has not been eliminated, it may not be the basis for an additional rent increase under the Rent Stabilization provisions. (LAMC 151.07 A1a)

211.06 Labor costs must be calculated on the basis of actual costs of contractors or hired laborers. Cancelled checks, receipts, social security payments, and W-2 forms are among the types of evidence that will be required to substantiate labor costs.

211.07 a. If labor for work which requires a permit under the Los Angeles Municipal Code is provided by the landlord, the landlord's family member, or the landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing must be included with the application. In addition, the landlord must submit a minimum of two estimates or bids by non-related licensed contractors specifying both material and labor costs. Labor costs on these bids must be identified by the type of labor performed, the number of hours to perform the work, and the rate paid for the work.

Documented time cards must be submitted for all work performed by the landlord, family member, agent, or employee.

b. If labor for work which does not require a permit under the Los Angeles Municipal Code, nor the services of a state licensed contractor, is provided by the landlord, the landlord's family member, or the landlord's agent or employee, such labor costs are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employee. Documented time cards must specify the number of hours spent on each task and identify the specific building on which the work was performed. In addition, for work costing over $200.00, the landlord must submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

211.08 Interest on money borrowed or otherwise furnished to pay for capital improvement work is not eligible as a cost to be included in calculating the rent increase.

211.09 Where a landlord is eligible for compensation for any portion of the money spent on capital improvements, including, without limitation, insurance, court-awarded damages, federal or state subsidies, cash rebates, and federal or state tax credits (other than tax deductions and depreciation), this compensation must be deducted from the cost of the capital improvements before amortizing the costs among the units. (LAMC 151.02 B)

211.10 In the event that any of the compensation described above is received by the landlord after a capital improvement rent increase has been approved, and where such compensation has not been deducted at the time of the approval, the landlord must prorate and refund such compensation among the tenants for that portion of the rent increase covered by the compensation. (LAMC 151.02 B)

211.11 With respect to the cost to be passed through to tenants as a result of the purchase and installation of a capital improvement for which tax credits and/or rebates may be received, as provided in RAC regulation 211.09:

a) The full tax credit and/or public utility rebates for which a landlord may be eligible will be deducted at the time of approval of the application unless the landlord can provide documentation that he/she is ineligible to receive such benefits.

b) Where deductions for tax credits and/or public utility rebates have been made at the time of the initial application and where at a later

date a landlord can provide documentation that he/she is not eligible to receive such benefits, the landlord may reapply to the Department for an adjustment in the capital improvement rent increase.

c) Where a landlord is eligible for a tax credit and/or public utility rebate and elects not to apply for or accept such credits or rebates, or elects to claim some alternative form of statutory benefit such as accelerated depreciation, the landlord may not later apply for an increase in the rent based on inability to utilize the credits or rebates.

d) Where tax credits and/or rebates are deducted from the cost of the improvements, the Department shall notify both landlord and tenants that the landlord is permitted to submit a new application at the time the landlord can provide documentation that he/she is ineligible to receive such tax credits and/or rebates.

211.12 The Ordinance does not require the landlord to obtain approval by the tenants before making a capital improvement.

212.00 **COMPUTING THE CAPITAL IMPROVEMENT RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT**

212.01 The landlord is entitled to a monthly rent increase of 1/60th of the average per unit allowable capital improvement cost. For applications filed after September 30, 1989 the allowable capital improvement cost is 50% of the costs approved by the Department. Thus, the landlord divides the total allowable capital improvement cost by 60 and then divides this monthly increase equally among all units benefitting from the capital improvement. (LAMC 151.07 A). In the case of capital improvements where the capital improvement has been funded or subsidized through a federal, state or city housing program, the amortization period may be extended by such regulations as the Commission may from time to time promulgate. (LAMC 151.08 D)

212.02 If an improvement benefits one or more but not all of the units, only those units benefitting can be given the rent increase. However, improvements in common areas or structural improvements which benefit all units in a building shall be apportioned equally to all units. For example, if new carpeting was installed in two units, only these two units can be given the rent increase, while the rent increase for carpeting in a hallway must be apportioned to all units in the building equally.

212.03 Units which are exempt from rent stabilization (because they are luxury units, they are occupied by the owner or by members of the owner's immediate family, etc.), must be included in determining the proportionate cost to be distributed to the units. For example, if 8 units in a 10 unit building are registered and subject to the Ordinance, any capital improvement rent increase for the roof would have to be divided by 10, not 8, in determining the average rent increase. (LAMC 151.07 A)

212.04 If a rental unit has become decontrolled and re-rented at an open-market rate after the completion of the capital improvement listed in the landlord's application, no rent increase will be allowed on that unit. (LAMC 151.05 C, 151.06 C, 151.09 A)

212.05 Where a lease exists which establishes the rent for a period of time, no rent increase based on a capital improvement can be given to such a tenant until the lease expires unless the lease provides otherwise. However, such a unit must be included in calculating the proportionate cost as in the case of other exempt units. That portion of a capital improvement cost attributable to units where the rent cannot be raised may not be allocated to other tenants. (LAMC 151.02 A)

212.06 In completing the application, the landlord must indicate the date each improvement was begun and the date each improvement was completed. The landlord must also indicate if the rent increase will be temporary or permanent. The increase will be temporary if the:

a. application was approved by the Department between February 13, 1981 and May 31, 1982, the increase will terminate after 60 months (five years). (151.07 A1a)

b. work involves a smoke detector installed after January 1, 1981, the increase will terminate once the landlord has recovered the full cost of the purchase and installation of the smoke detector pursuant to RAC regulation 340.00ff (LAMC 151.06.1)

c. application for a rent increase was filed after September 30, 1989, the increase will terminate after 72 months (six years) unless extended in accordance with RAC 212.08. (LAMC 151.07 A1a)

212.07 The landlord must also indicate for each increase in the application whether or not that increase will become part of the maximum adjusted rent which is the basis for the annual automatic increase, according to the following standards:

a. An increase for work begun on or after June 1, 1982 and applied for by September 30, 1989 will become a part of the maximum adjusted rent.

b. If work began before June 1, 1982, only those improvements approved by the Department on or before January 1, 1981 became part of the maximum adjusted rent.

c. For capital improvement rent increases applied for on or after October 1, 1989 the increase granted will not be part of the maximum adjusted rent.

d. The rent increase permitted for smoke detectors does not become part of the maximum adjusted rent if the detector was installed on or after January 1, 1981.

212.08 For capital improvement rent increase applications filed after September 30, 1989 the cumulative rent increase (s) for a unit cannot exceed $55 unless agreed upon in writing by the landlord and tenant. If the approved rent increase(s) exceeds the $55 maximum, then the maximum length of time for charging this increase (72 months) may be extended until the cost of the capital improvement is recovered. Where there is more than one capital improvement whose combined effect exceeds $55, then the recovery of the excess amounts shall be made as follows:

a. Upon termination of a capital improvement surcharge which lowers the monthly surcharge below the $55 limit, the surcharge payment level shall continue at an amount not to exceed $55 until the unpaid surcharge excess amount has been fully recovered.

b. Upon the full recovery of the temporary monthly surcharge excess, the excess payment amount shall terminate.

213.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS IN APPLYING TO THE DEPARTMENT FOR A CAPITAL IMPROVEMENT RENT INCREASE

213.01 Before a landlord may submit an application for a capital improvement rent increase, all work which will be the basis of the application must have been completed. (LAMC 151.07 A1a)

213.02 An application must be made to the Department within 12 months of the completion of the work. (LAMC 151.07 A2a)

213.03 The landlord may obtain written permission by completing an application on a form approved by the Department and mailing it to the City at the address listed on the application. (LAMC 151.07 A2a)

213.04 An application for a capital improvement rent adjustment shall be accompanied by a $25.00 filing fee. The landlord shall not recover this filing fee from any tenant. The requirement to pay this fee shall not apply to the first application for the housing complex made by a landlord within a calendar year. (LAMC 151.07 A2a)

213.05 In no event will authorization for a rent increase be given until the landlord has registered the units as required by law. The landlord must attach to the application a photocopy of the landlord's Registration Certificate issued by the City or a photocopy of the cancelled check or a receipt from the City showing that the registration fee required by LAMC 151.05 A has been paid.

213.06 Photocopies of all pertinent information possessed by the landlord shall be attached to the landlord's application. In addition, the landlord shall attach photocopies of all invoices, bids, building permits, final inspection record cards, financial documents, lease-purchased agreements, cancelled checks, and any other relevant papers. These might include, but are not limited to, for example, estimates of costs by various contractors contacted by the landlord, bids by competing contractors, and cost comparisons submitted by various vendors on equipment and supplies. Bids, estimates, and invoices shall be broken down to show each item of work to be done. Composite bids, etc. which fail to detail the specific work items requested in the application, shall not be accepted.

213.07 The landlord may not collect any rent increase based on a capital improvement until such time as the Department approves the landlord's application. (LAMC 151.07)

213.08 For improvements which require a permit from the Department of Building and Safety, the landlord must submit a photocopy of the necessary permit(s) and final inspection record cards, except that for re-roofing the landlord must submit a photocopy of the necessary permit, but may substitute a Certificate of Completion from the licensed Roofing contractor for the final inspection record card.

214.00 PROCEDURES THAT WILL BE USED BY THE DEPARTMENT IN PROCESSING CAPITAL IMPROVEMENT APPLICATIONS

214.01 The Departmental staff officer handling the application will review the documents submitted by the landlord to determine if the landlord's request for

a rent increase meets all the requirements of the Ordinance and the Commission's regulations.

214.02 In the event that a landlord's application lacks the required documents, or there are major errors in the mathematical computations showing the individual rent increases, or there is clear evidence that the increase requested by the landlord is not eligible under the Ordinance, or an improvement was completed more than 12 months before the application is submitted, the application will be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14 A)

214.03 If a landlord's application is returned by the Department because of an error or missing documents, the landlord may re-submit the application after correcting the error or obtaining the necessary documents. (LAMC 151.14 A) For purpose of meeting the time limit stated in RAC regulation 213.02, the Department will use the date on which the initial application was submitted, provided that a revised application is re-submitted within 60 days.

214.04 Unless suspended as specified below, a decision will be made allowing or disallowing the landlord's request within 45 days from date of receipt of the landlord's application by the Department. (LAMC 151.07 A2c)

214.05 Where the Department initially accepts the application but later finds mathematical errors or incomplete documentation, the application may be suspended for a 30-day period (or longer with the landlord's consent) commencing upon the date of mailing the notification to the landlord of the documentation and/or the information needed.

214.06 The suspended time is not part of the Department's 45-day review period. If at the end of the suspension period the requested information has not been supplied, a determination shall be made on the basis of the documentation and information already supplied.

214.07 The Department will notify each tenant listed in the landlord's application that the landlord has requested approval to add a rent increase based on capital improvements. This notification will include a photocopy of the face sheet of the landlord's application, the tenant's present rent, the amount of the requested increase, and the proposed total rent for the unit. (LAMC 151.07 A2b)

214.08 The tenants will be notified by the Department that they have 10 days from the date of mailing of such notification to object to the rent increase requested by the landlord. (LAMC 151.07 A2b) These objections cannot be made on

frivolous grounds or on the basis that the tenants do not want the capital improvement. Examples of legitimate objections are: The landlord is attempting to add a rent increase on a unit where the rent cannot be legally raised (see RAC regulations 212.04 and 212.05 above) or the tenant has grounds to believe that the capital improvement claimed by the landlord was not actually completed, (LAMC 151.07 A1a) or that the 12-month time period from completion of the capital improvement has expired and the landlord is no longer eligible to apply for an increase in the rent. (LAMC 151.07 A2c)

214.09 The information provided by the landlord, statements by tenants, and information received from any of the above sources will be used by the Department in determining whether or not to approve the landlord's application. (LAMC 151.07 A2a)

214.10 The documents submitted by the landlord will be examined for accuracy and conformity with industry norms for the type of work involved or for the prices of equipment purchased by the landlord. If such prices are significantly higher than market prices and industry standards, the staff member has the authority to disapprove the requested rent increase.

214.11 Written tenant responses which have a bearing on the Department's decision will become part of the public record. All other responses will be sealed and will not be available to other parties.

214.12 The Departmental staff member handling the application may contact the landlord, the tenants, or any of the contractors or vendors shown on the documents submitted by the landlord.

214.13 The decision will be to approve, disapprove or modify the landlord's request, consistent with the following:

a. The Department CANNOT approve a rent increase GREATER than the amount the landlord requested;

b. The Department CAN approve a rent increase that is LOWER than the amount the landlord requested due to conditions such as minor mathematical errors in the application, only some of the improvements being eligible as capital improvements, a difference in apportioning the cost among the affected apartments;

c. A rent increase on a unit may be modified or denied if the Department determines that the rent on that unit has been

illegally increased to reflect the cost of the capital improvement for which the rent increase application is submitted. (LAMC 151.07 A1a)

214.14 The landlord and the tenants will be notified by mail immediately after the determination is made. (LAMC 151.07 A2c)

214.15 Upon approval of the Department, the capital improvement rent increase can go into effect after compliance with statutory notice requirements regardless of the filing of a request for a hearing. (LAMC 151.07 A3b)

215.00 NOTICE AND RECORD KEEPING REQUIREMENTS

215.01 Upon receipt of the Department's approval for a capital improvement rent increase, the landlord must give each tenant a notice stating:

a. the amount of the monthly rent increase;

b. the effective date of the commencement of the rent increase;

c. the duration of the rent increase, and in the case of temporary rent increases the date when the rent increase must terminate (see RAC regulations 212.06, 212.07, 212.08);

d. in the case of smoke detector increases, the full cost of the purchase and installation of the detector, and the date when the increase will terminate;

e. the amount of higher rent now demanded that is part of the maximum adjusted rent (and thus is subject to the annual automatic increase).

f. the amount of higher rent now demanded that is not part of the maximum adjusted rent and a statement that this amount is not to be subject to the annual automatic increase.

215.02 A copy of this notice must be retained by the landlord as a permanent part of the rental record of the unit. (LAMC 151.05 C)

215.03 The Department has available for distribution an Example Sheet approved by the Commission indicating the method for calculating annual automatic increases when a landlord's legal rent includes rent increases which are not part of the maximum adjustment rent. The Example Sheet is available without cost from the Department.

216.00 **PROCEDURES TO BE FOLLOWED BY LANDLORDS OR TENANTS WHO OBJECT TO THE DEPARTMENTAL DETERMINATION OF A CAPITAL IMPROVEMENT APPLICATION**

216.01 Either landlord or tenant, or possibly both, may object to the decision of the Department by filing a "Request For Hearing" form. They have a right to request a public hearing by a hearing officer if they believe that a) the Department committed an error by failing to apply the regulations properly, b) the Department's determination was an abuse of discretion because it was arbitrary or capricious, or c) there is new evidence to be presented to the hearing officer which would warrant a decision different from that made by the Department. (LAMC 151.07 A3b)

216.02 If a complete "Request for Hearing" form along with the filing fee or the "Fee Exemption" form are received by the Department within 15 days after the date of mailing of the original determination, a hearing will be set by the Department. (LAMC 151.07 A3a)

216.03 The "Request for Hearing" form must state the reason or reasons why the hearing is being requested.

216.04 There is a $35 fee for filing a "Request For Hearing" form. The completed application form and a check or money order payable to "The City of Los Angeles" may be mailed to the address listed on the application. Cash should not be mailed. Low income tenants and landlords can apply for an exemption from the $35 filing fee by filing a completed "Fee Exemption" form which can be obtained from the Department. (LAMC 151.14C)

217.00 **PROCEDURES FOR THE HEARING**

217.01 The hearing will be set for a date no later than 30 days after the application for the hearing is received. (LAMC 151.07 A3c)

217.02 At least ten days before the hearing the landlord and the tenants will be notified of the time and place of the hearing. (LAMC 151.07 A3c)

217.03 The hearing will be conducted by a hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony, written declarations or other evidence, all of which shall be submitted under oath. If at the hearing the landlord presents documents or information, the hearing may be continued, up to 30 days to provide staff sufficient time to examine the documents and/or information or for the documents to be provided. Any continuation must be within the limits imposed for final action on the appeal unless a waiver of time limits is given by the appellant. The

hearing officer should give such material or information consideration in accordance with the circumstance afforded for its verification and/or examination and comments by affected parties. (LAMC 151.07 A3d)

217.04 The hearing officer shall, within 45 days after termination of the time for requesting a hearing, make a determination upholding, reversing, or modifying the determination of the Department. The landlord and tenants shall be notified by mail of the findings and determination of the hearing officer. (LAMC 151.07 A3e, f)

217.05 If the hearing officer's determination is to reverse or modify the original Department determination, the hearing officer shall specifically set forth the reasons for such reversal or modification. For example, if evidence is presented that the invoices submitted by the landlord exceed normal industry costs, the hearing officer may disallow or reduce costs which the landlord has claimed, or conversely, the hearing officer may reinstate costs the Department had originally disallowed in the initial determination. The maximum rent increase the hearing officer can approve cannot exceed the original amount requested by the landlord. (LAMC 151.07 A3e)

217.06 A rent increase on a unit may be revised or denied if the hearing officer determines that the rent on that unit has been illegally increased to reflect the cost of the capital improvement for which the rent increase application is submitted.

218.00 PROCEDURES AFTER APPROVAL OR DISAPPROVAL OF A CAPITAL IMPROVEMENT APPLICATION HEARING

218.01 Upon approval by the hearing officer, the rent increase can go into effect after compliance with statutory notice requirements.

218.02 If the hearing officer reverses or modifies the original determination, the following conditions prevail:

a. If the rent increase was disallowed by the Department and is now authorized, the rent increase may go into effect after compliance with statutory notice requirements.

b. If a rent increase had been authorized by the Department and this increase is disallowed by the hearing officer, the landlord shall cease collecting the rent increase and must refund to tenants any previously collected increases, or credit this amount against the tenants' next rent payment.

c. If a rent increase has been authorized by the Department and the increase is reduced by the hearing officer, the landlord shall cease collecting any sums in excess of the amount allowed by the hearing officer and must refund all excess rent increases collected, if any, or credit the amount against the tenant's next rent payment. (LAMC 151.07 A3b)

d. If the rent is increased or decreased as stated in a, b, or c above then the landlord must reissue the notice required in 215.01, in conjunction with required statutory notices for rent changes.

218.03 There is no administrative appeal from the decision of a hearing officer in the case of a capital improvement rent increase application, except as provided by LAMC 151.14D.

219.00 COMPLETE FAILURE OF AN APPROVED CAPITAL IMPROVEMENT

219.01 Any capital improvement rent increase or surcharge approved by the Department shall terminate if the Department determines that there has been a complete failure of the capital improvement.

219.02 If a tenant in a unit subject to a capital improvement rent increase believes the capital improvement has completely failed within five (5) years of the approval of the rent increase, then that tenant may apply for a rent reduction on a form provided by the Department.

219.03 Prior to filing the application for a rent reduction, the tenant(s) shall attempt to bring the failure of the capital improvement to the attention of the landlord and allow the landlord a reasonable opportunity to correct the alleged failure. A written statement by the tenant(s) describing the tenant's attempts to inform the landlord of the failure of the capital improvement shall be required as part of the application submitted by the tenant(s).

219.04 The burden of proving a complete failure of the capital improvement is on the tenant or party claiming a failure of the capital improvement. The Department need not prove the truth of any failure, but shall weigh the evidence provided by all interested parties to determine if there is sufficient evidence to support
the claim of failure. The types of evidence which may be considered include, but is not limited to, the following:

a. Signed statements by affected tenants describing the failure.

b. Written opinions from experts supporting the claim of failure.

c. Reports of government agencies responsible for inspecting and/or approving the particular capital improvement being claimed as failed.

d. Original capital improvement approvals from the Housing Preservation and Production Department and the landlords' rent increase notice.

219.05 After receiving the failure claim of the tenant(s), and any submitted evidence, the Department shall send a copy of the claim to the landlord and any other tenants who also received the Capital Improvement increase approval. The Department shall accept any written replies furnished by a tenant for at least 10 calendar days.

219.06 The Department shall decide the claim subsequent to the expiration of the 10 day calendar reply period.

219.07 If the Department finds either no failure or insufficient evidence to support a claimed failure, then claim for rent reduction shall be denied.

219.08 The Department may find that there is a complete failure if:

a. The entire capital improvement as approved is not operational or not providing the intended service or benefit for which it is designed for an unreasonable and substantial period of time; or

b. A portion of the approved capital improvement is not operational as outlined in RAC 219.08a, and the costs of the portion that failed can be distinguished from the entire capital improvement in the original application; or

c. The Capital improvement is not functioning because of a malfunction of another component(s) in the larger system, but not the Capital improvement itself.

If the non-operation of a capital improvement exists for any period in excess of 30 calendar days subsequent to a good faith attempt at notification of the complete failure to the landlord by the tenant, then the capital improvement shall be presumed to be a complete failure. This presumption can be rebutted by evidence submitted to the Department by either the landlord or the tenant.

219.09 If the Department finds that there is a complete failure of the approved capital improvement pursuant to RAC 219.08, then it shall order that all affected units' monthly rent be decreased by:

a. The entire increase for that capital improvement in the case of a finding of complete failure in accordance with 219.08a. or c; or

b. That portion of the increase attributable to the component(s) which failed when this can be distinguished in accordance with 219.08b.

The landlord shall be credited for that period of time the capital improvement was functioning where the increase was delayed or lessened because the $55 maximum cumulative monthly increase would have been exceeded as described in RAC 212.08.

219.10 The landlord may apply to the Department to restore the capital improvement increase or surcharge if the capital improvement has been made fully functional and if at the time of determination of a complete failure the Department also determined that:

a. The Capital improvement was a complete failure due to circumstances beyond the control of the landlord; or

b. The failure is due to a component of the system containing the capital improvement, but not one that was included in the costs approved for the capital improvement.

219.11 If the Department determines that the capital improvement increase or surcharge should be restored, the restoration period will be:

a. The months remaining to the original termination date where the increase was a surcharge and the termination date was not extended beyond the 72 month maximum provided for in RAC 212.06C; or

b. The months remaining in the five year period starting from the date the final approval was given for the original capital improvement rent increase or surcharge.

219.12 Any decision by the Department on the rent decrease application or subsequent rent increase application (RAC 219.11) may be appealed within 15 calendar days after the date of mailing of the original determination. The

Regulations for appeals of capital improvement determinations (RAC 216.00 - 217.06) shall be followed for appeals from Department decisions under this section.

219.13 Any rent decrease ordered by the Department pursuant to RAC 219 is effective on the next rent payment due date for each affected unit subsequent to either the expiration of the 15 day appeal period after the Department order or the mailing date of the decision of the hearing officer.

[S:PUBLIC INFORMATION BULLETINS\LAHD-RAC210.WPD#12BULL-CAPITAL IMPROVEMENT-JANUARY 20, 2005 HMV]

PRIMARY RENOVATION COST RECOVERY REGULATIONS

ADOPTED: June 2, 2005

220.00 PRIMARY RENOVATION COST RECOVERY REGULATIONS

221.00 STATEMENT OF PURPOSE

221.01 Policy Statement

These regulations are promulgated to facilitate the operation of the City of Los Angeles' Primary Renovation Program, with specific reference to Los Angeles Municipal Code Section 151.07 A.1.(d), and thereby to encourage landlords to both re-invest in the renovation of major building systems within their rental properties and to abate exposures to hazardous materials at those properties.

221.02 Authority for these Regulations

These regulations are issued by the Rent Adjustment Commission under the authority granted it under Los Angeles Municipal Code Sections 151.03, 151.07 A.1., 151.07 A.8., and 152.08.

221.03 Review of Program and Regulations

These regulations, together with the overall operation of the Primary Renovation Program, shall be reviewed by the Rent Adjustment Commission no less than every three years.

222.00 DEFINITIONS

The following words and phrases, whenever used in these regulations, shall be construed as defined in this section, which restates, in some instances, definitions used in LAMC Section 151.02 and 152.02. Should a discrepancy exist between a definition presented here and in Sections 151.02 or 152.02, the wording in the LAMC definition shall prevail. Words and phrases not defined here shall be construed as defined in LAMC Sections 12.03 and 162.02, if defined there.

Average Per Unit Primary Renovation Work Cost. An amount determined by dividing the costs associated with Primary Renovation Work by the total number of all rental units in a complex with respect to which primary renovation costs were incurred, irrespective of whether all such dwellings are subject to the Ordinance.

Department. The Los Angeles Housing Department or any successor.

Hearing Officer. A person designated by the Department to consider an appeal of a determination by the Department through a public hearing in accordance with LAMC Section 151.07 and Section 152.03 C.4.

LAMC. The Los Angeles Municipal Code.

Low Income Tenant Household. A tenant household whose combined income, adjusted for family size, is at or below 80% of the median income for the Los Angeles-Long Beach Primary Metropolitan Statistical Area, as established for the Section 8 program by the U.S. Department of Housing and Urban Development (HUD) in accordance with Section 3(b)(2) of the U.S. Housing Act of 1937, as amended.

Ordinance. Chapter XV of the Los Angeles Municipal Code, Section 151.00, *et seq.*, commonly known as the Rent Stabilization Ordinance.

. **Primary Renovation Program.** The provisions of Ordinance No. 176,544 which includes as its principal components the provisions for rent adjustments related to Primary Renovation Work set forth in LAMC Section 151.07 A.1.(d) and the Tenant Habitability Program set forth in LAMC Section 152.00, *et seq.*

Primary Renovation Work. Work performed either on a rental unit or on the building containing the rental unit that improves the property by prolonging its useful life or adding value, and involves either or both of the following:

1. Replacement or substantial modification of any structural, electrical, plumbing or mechanical system that requires a permit under the Los Angeles Municipal Code.

2. Abatement of hazardous materials, such as lead-based paint and asbestos, in accordance with applicable federal, state and local laws.

For the purposes of these regulations, the term Primary Renovation Work includes Related Work.

RAC. The Rent Adjustment Commission of the City of Los Angeles or any successor.

Related Work. Improvements or repairs which, in and of themselves, do not constitute Primary Renovation Work but which are undertaken in conjunction with and are necessary to the initiation and/or completion of Primary Renovation Work.

Temporary Relocation. The moving of a tenant from the tenant's permanent residence to habitable temporary housing accommodations in accordance with a Tenant Habitability Plan. The temporary relocation of a tenant from his/her permanent place of residence shall not constitute the voluntary vacation of the unit and shall not terminate the status and rights of a tenant, including the right to reoccupy the same unit, upon the completion of the Primary Renovation Work and any Related Work, subject to any rent adjustments as may be authorized under the Ordinance.

Tenant Habitability Plan. A document, submitted by a landlord to the Department, identifying any impact Primary Renovation Work and Related Work will have on the habitability of a tenant's permanent place of residence and the steps the landlord will take to mitigate the impact on the tenant and the tenant's personal property during the period Primary Renovation Work and Related Work are undertaken.

223.00 COST RECOVERY

223.01 Eligible Costs

In accordance with these regulations, a landlord may recover all or a portion of documented incurred costs for Primary Renovation Work, Related Work, and Temporary Relocation provided that all of the following conditions have been satisfied:

(1) The landlord has completed Primary Renovation Work and any Related Work in conformance with a Tenant Habitability Plan accepted by the Department and has not increased the rent to reflect the cost of such improvement;

(2) The landlord has adhered to the requirements of RAC Regulations 710.00*, et seq.*;

(3) The landlord has submitted an itemized application for cost recovery to the Department within twelve months of the completion of Primary Renovation Work and any Related Work;

(4) The landlord has complied with all building permit and environmental clearance requirements necessitated by Primary Renovation Work and any Related Work; and

(5) The landlord has identified all grants, tax credits, rebates, insurance benefits, and other sources of funding which, in whole or in part, relate to any Primary Renovation Work and Related Work.

223.02 Ineligible Costs

The following costs are not eligible for recovery under the Primary Renovation Program:

(1) Costs incurred for the permanent relocation of tenants;

(2) Costs incurred for seismic work as defined in LAMC Section 151.02;

(3) Costs recoverable from other sources, including but not limited to, grants, tax credits, rebates and insurance benefits;

(4) Costs used to justify rent adjustments under the Capital Improvement [LAMC Section 151.07A.1.(a)], Rehabilitation Work [LAMC Section 151.07 A.1.(b)], or Just and Reasonable [LAMC Section 151.07 B.] provisions of the Ordinance;

(5) Costs incurred for work to correct code violations at a rental unit subject to a notice of noncompliance sent to the Franchise Tax board pursuant to Section 17274 of the Revenue and Taxation Code;

(6) Costs incurred for work to correct conditions at a rental unit that was subject to a Notice of Rent Reduction or a Notice of Acceptance into the Rent Escrow Account Program issued pursuant to LAMC Section 162.00, *et seq.*;

(7) Costs incurred for work to correct conditions that resulted in a criminal conviction related to the landlord's failure to comply with a citation or order issued by the Department, the Department of Building and Safety, the Fire Department, or the Los Angeles County Department of Health; and

(8) Costs incurred for work to comply with a government citation or order to abate hazardous materials if the citation or order was issued before the landlord filed a Tenant Habitability Plan with the Department for such abatement.

A landlord who fails to abide by the terms of an accepted Tenant Habitability Plan shall be denied individual rent adjustments under LAMC Section 151.07 A.1.(d), absent extenuating circumstances.

223.03 Financing Costs

Interest and other costs incurred by the landlord to finance Primary Renovation Work, Related Work, and Tenant Relocation are not eligible for direct recovery under the Primary Renovation Program. However, the Department's calculation of recoverable costs incorporates an allowance for cost of capital, based upon rates published by the Federal Reserve Board for ten-year constant maturity U.S. government securities plus 1%, as set forth in Section 223.05.4 of these regulations.

223.04 Permanent Rent Increase

Any cost recovery allowed under these regulations shall constitute a permanent monthly increase in rent. However, no rent increase may be imposed on a unit where the initial rent was established after the date the Tenant Habitability Plan applicable to a given rent adjustment application was accepted by the Department.

223.05 Cost Recovery Basis

223.05.1 Basic Rule

If the Department so finds, the landlord shall be entitled to a permanent monthly rent increase for each affected rental unit that shall not exceed the lesser of:

(1) 100% of the Average Per Unit Primary Renovation Work Cost amortized in accordance with a term schedule established by the RAC and an interest rate corresponding to the monthly composite rate for average yields from the sale of ten-year constant maturity U.S. government securities plus one full percentage point; or

(2) 10% of the Maximum Adjusted Rent at the time an application for a rent increase was filed.

223.05.2 Average Per Unit Primary Renovation Work Cost

The Average Per Unit Primary Renovation Work Cost is the proportionate share for a given rental unit of all costs associated with Primary Renovation Work, including costs for any Related Work and Temporary Relocation.

Only rental units benefitting from the Primary Renovation Work and subject to the Ordinance may receive a rent increase under the provisions of LAMC Section 151.07A.1.(d). In determining the proportionate cost to be allocated to individual

units, all units benefitting from the Primary Renovation Work must be included, regardless of whether some units might be exempt from the provisions of the Ordinance (e.g., for owner-occupancy, luxury exemption, etc.) For example, if the renovation involved the same work undertaken on a building consisting of ten housing accommodations of which two were exempt from the Ordinance, one on a temporary basis for owner occupancy and one on a permanent basis for substantial renovation, the costs per unit would be one-tenth of the total, even though only eight units are subject to rent increases under the Primary Renovation Program.

Costs related to Primary Renovation Work undertaken in common areas shall be apportioned equally among all affected units. Costs related to work done in individual units, however, must be allocated in a manner proportionate to the benefit enjoyed by each unit. For example, rental units with two bathrooms may bear a larger share of re-piping costs than units with one bathroom.

Because different cost components may be allocated differently, individual rental units at a property may have differing Average Per Unit Primary Renovation Work Costs. For example, a unit may be allocated the same average cost as all other units in a building for structural repairs, the same average cost as all other units of its size or configuration for plumbing repairs, and a cost specific to that unit for Temporary Relocation. The Average Per Unit Primary Renovation Work Cost for any given rental unit is the sum of all the costs associated with Primary Renovation Work that have been allocated to that unit.

In instances where work is done on a mixed use structure, the costs for renovation work that also benefits any non-housing use must be proportionally allocated to that non-housing use. For example, the costs of foundation repairs to a building where half of the floor area was devoted to commercial use and the other half to housing accommodations would first be divided between the housing and commercial use, with the housing share subsequently allocated equally among all housing accommodations in the building.

223.05.3 Amortization Period

The amortization period used in calculating rent increases under the Primary Renovation Program shall be 180 months.

223.05.4 Interest Rate

The interest rate used in calculating rent increases based on the Average Per Unit Primary Renovation Work Cost shall be one percent (1.00%) higher than the relevant monthly composite rate for federal ten-year constant maturity securities, as calculated by the U.S. Department of the Treasury and published by the Federal Reserve System (http://federalreserve.gov/releases/h15/). The rate relevant to any given application for rent increase shall be the composite annual rate calculated for the month in which the applicant's Tenant Habitability Plan was approved by the Department. If the rate for that month has not been published by the date of the application for a rent increase, the Department shall use the most recent monthly composite annual rate published by the Federal Reserve.

223.05.5 Calculation of Rent Increase based on the Average Per Unit Primary Renovation Work Cost

The rent increase for a given rental unit shall be calculated by using the following formula to amortize the Average Per Unit Primary Renovation Work Cost:

$$a = \frac{PV}{PVIFA_{r,n}}$$

Where

a	=	allowable monthly rent increase
PV	=	present value of the Average Per Unit Primary Renovation Work Cost
$PVIFA_{r,n}$	=	present value interest factor for an annuity at any given interest rate [r] and amortization period [n]
r	=	interest rate ÷ 12
n	=	amortization period in months

Notes on the calculation: The formula used for determining rent increases under the Primary Renovation Program is the standard formula used for calculating fixed-term loan payments (e.g., home loans, automobile loans, etc). Algorithms for undertaking this calculation are available on computer spreadsheet programs and financial calculators, and the Department shall make the spreadsheet calculation model it uses available to all interested parties. The allowable rent increase can also be calculated manually by substituting the formula for the present value interest factor for an annuity, $PVIFA_{r,n} = \frac{1 - \frac{1}{(1+r)^n}}{r}$ into the equation above. The result can be reduced to the following formula, $a = \frac{(PV \times r)(1+r)^n}{(1+r)^n - 1}$ which will generate the same result as the computer

algorithm. In applying this formula, the interest rate, which is reported by the Federal Reserve Board as an annual rate, is divided by 12 to allow for the calculation of the rent increase on a monthly basis.

223.06 Cost Recovery Limitations

223.06.1 Implementation of Rent Increases

Any rent increase granted under the Primary Renovation Program shall be imposed in two equal increments over a two-year period. Upon receipt of the Department's approval of a rent increase for Primary Renovation Work, the landlord may impose the first increment after providing notice to each affected tenant pursuant to California Civil Code Section 827. The second increment may be imposed no earlier than 12 calendar months after the first increment is imposed, but only after again providing notice to each affected tenant pursuant to California Civil Code Section 827.

223.06.2 Low Income Tenant Households

No Low Income Tenant Household may be subject to a rent increase for Primary Renovation Work of more than 10% over the life of the tenancy. If the initial rent increase for Primary Renovation Work was 10%, a Low Income Tenant Household would not be subject to any additional rent increases under the Primary Renovation Program for the life of the tenancy. If a Low Income Tenant Household received a rent increase of less than 10%, it may still be subject to a limited rent increase for subsequent Primary Renovation Work. For example, if a landlord received a 6% rent increase for foundation work and five years later sought an 8% rent increase for plumbing and electrical system replacement, the rent increase that could be applied to a Low Income Tenant Household for the plumbing and electrical work would be 4%.

Any subsequent rent increase for a low income tenant shall be limited to the balance of the percentage rent increase available under the 10% cap applied to the tenant household's rent at the time of the subsequent rent increase application, as calculated by the Department.

Whenever the Department receives an application for a rent increase for Primary Renovation Work following the approval of a prior application for the same property, the Department shall notify all affected tenant households of this cost recovery limitation and the current annual income limits at various family sizes to qualify as low income. Any tenants seeking a limitation on rent increases under this provision must submit the following to the Department:

(1) A completed application for a rent limitation on a form provided by the Department; and

(2) Documentation of household income in accordance with requirements established by the Department.

The Department shall determine the household's income in accordance with the standards for calculating family income under the Section 8 program as set forth in Section 5.609 of Title 24 of the Code of Federal Regulations.

223.07 Application Frequency

223.07.1 General Limitation on Cost Recovery

Except as noted below in this subsection, a landlord may seek to recover costs for Primary Renovation Work and any Related Work under the Primary Renovation Program not more frequently than once every five (5) years from the date of the Department's approval of the preceding rent increase under the Primary Renovation Program.

223.07.2 Hardship Waivers

A landlord may submit a written request to the Department seeking a waiver of the five year limitation on repeat applications for rent adjustments under the Primary Renovation Program on the ground that adherence to the five year general limitation on repeat cost recovery applications will result in one or more of the following situations:

(1) A definable deterioration of a building's infrastructure;

(2) A definable endangerment of tenant health and safety; or

(3) A definable hardship on the landlord.

In requesting a waiver, the landlord shall have the burden of establishing the hardship created by the five year limitation on cost recovery. When evaluating a request for a waiver, the Department shall consider the entirety of the circumstances and may take into account (a) alternative cost recovery programs available to the landlord including, but not limited to, rent increases due to capital improvements, just and reasonable applications, and vacancy decontrol and (b) whether a deterioration of a building's infrastructure or conditions endangering tenant health

and safety could not have been addressed through the regular repair and maintenance of the property.

The Department shall respond to a request for a hardship waiver by issuing a written determination within 15 days of receipt of the request. Notice of the Department's determination shall also be sent to all potentially affected tenants. Either a landlord or tenant may appeal the Department's determination regarding a waiver request to a Hearing Officer by filing a request for hearing in accordance with the procedures set forth in Section 227.00, *et seq.*, of these regulations.

223.07.3 Replacement Work

In instances where a landlord seeks to recover the costs of Primary Renovation Work that replaces earlier work performed under the Primary Renovation Program, the landlord shall have the burden of establishing, in accordance with industry standards, the need for the subsequent Primary Renovation Work in order to qualify for recovery of costs under these regulations.

223.08 Cost Recovery Alternatives

223.08.1 Capital Improvements and Rehabilitation Work

Instead of seeking a rent adjustment under the Primary Renovation Program, a landlord may elect to recover a portion of the costs of Primary Renovation Work and any Related Work under the Capital Improvement provisions set forth in LAMC Section 151.07 A.1.(a) and RAC Regulation Section 210.00, *et seq.* A landlord may also seek to recover a portion of the costs of Primary Renovation Work and any Related Work under LAMC Section 151.07 A.1.(b) and RAC Regulation Section 250.00, *et seq.,* for work that also qualifies as Rehabilitation Work, as defined in LAMC Section 151.02. Under no circumstances, however, may the same costs be used to justify recovery under more than one program listed in LAMC Section 151.07 A.1.

223.08.2 Just and Reasonable Return

A landlord may also include the costs of Primary Renovation Work and Related Work as factors to be considered by a Hearing Officer in determining whether the rent allowed under the Ordinance provides the landlord with a just and reasonable return. Such determinations are governed by the provisions of LAMC Section 151.07 B. and RAC Regulations Section 240.00, *et seq.*

224.00 APPLICATION FOR RENT ADJUSTMENT

224.01 Application Requirements

An application for a rent adjustment under the Primary Renovation Program shall be made on a form provided by the Department and in accordance with specific instructions the Department may provide. At a minimum, the application should include the following information:

(1) A complete listing of all rental units in the rental complex identified by address and unit number;

(2) The name, phone number, and move-in date for the primary tenant(s) or head(s) of tenant household for each rental unit subject to the proposed rent increase;

(3) The current amount of rent charged and the date of last rent increase for each unit subject to the proposed rent increase;

(4) The total of all primary renovation costs which the landlord is seeking to recover;

(5) The landlord's estimate of the primary renovation costs allocated to each unit and the basis of such cost allocation;

(6) Documentation of costs in accordance with Section 224.04 of these regulations;

(7) A copy of the Tenant Habitability Plan and any amendments that were accepted by the Department; and

(8) A declaration by the applicant stating that the information provided is true and correct.

224.02 Timeliness of Application

The landlord must file an application for a rent adjustment under the Primary Renovation Program within 12 months after the last date on which any Primary Renovation Work or Related Work, as described in the Tenant Habitability Plan, took place. The burden of proof shall be on the landlord to establish the date of the completion of work.

Landlords shall have the right to resubmit one time an application for a rent adjustment that was disapproved by the Department. For purposes of the 12-month submission deadline, the initial application date will be considered the date of application only if the landlord resubmits within 60 days of the disapproval.

224.03 Application Fee

An application for a rent adjustment under the Primary Renovation Program shall be accompanied by a $25.00 filing fee. However, this fee requirement shall not apply to the first application for any type of rental adjustment permitted under LAMC Section 151.07 A., including but not limited to primary renovation, which is submitted by a landlord for a given housing complex within a calendar year. The landlord shall not recover this filing fee from any tenant.

224.04 Documentation of Costs

The landlord bears the burden of establishing allowable costs of any Primary Renovation Work.

224.04.1 Acceptable Types of Documentation

Acceptable documentation of costs includes, but is not limited to, the following:

(1) Invoices;

(2) Bids specifying both material and labor costs by the type of labor performed, the number of hours required to perform the work, and the applicable rate of pay;

(3) Building permits;

(4) Final inspection record cards;

(5) Financial documents;

(6) Lease-purchase agreements;

(7) Canceled checks;

(8) Estimates of costs by various contractors contacted by the landlord;

(9) Bids by competing contractors; and

(10) Cost comparisons submitted by various vendors on equipment and supplies.

Composite bids or summaries which fail to detail the work referenced in the application with enough specificity to allow costs to be appropriately allocated do not constitute acceptable documentation.

224.04.2 Labor Costs

Labor costs are the actual costs of contractors or hired laborers. Acceptable documentation of labor costs includes, but is not limited to, the following:

(1) Canceled checks;

(2) Receipts;

(3) Social security payments; and

(4) W-2 forms.

If labor for work which requires a permit, license, or credential under the LAMC or relevant state or federal code is provided by the landlord, the landlord's family member, or the landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is licensed for the type of work performed. Two estimates or bids by non-related licensed contractors, proof of licensing, and documented time cards for all work performed by the landlord, family member, agent, or employee are required to document such costs.
If the landlord, landlord's family member, agent, or employee performs work which requires neither a permit under the LAMC nor the services of a state licensed contractor, labor costs are allowable. Acceptable documentation includes time cards specifying the number of hours spent on each task and identifying the unit and building on which the work was performed. For work costing over $200.00, two estimates or bids by non-related contractors specifying both material and labor costs are required to document allowable costs.

224.04.3 Temporary Relocation Costs

Temporary relocation costs are the documented actual costs incurred by the landlord that relate to the temporary relocation of tenants, provided such relocation

was undertaken in accordance with an approved Tenant Habitability Plan. Such costs may include, but are not limited to, the following:

(1) The actual costs of renting temporary accommodations;

(2) Non-refundable fees;

(3) Moving costs;

(4) Storage fees;

(5) Pet boarding charges;

(6) Any food allowances granted to compensate for loss of cooking facilities; and

(7) Payment to affected tenants of the *per diem* relocation payments agreed to between the landlord and tenant and included in the Tenant Habitability Plan, in accordance with RAC Regulations Section 716.07.3 and Section 716.08.4.

225.00 DEPARTMENTAL REVIEW OF APPLICATIONS

225.01 Notice of Application

225.01.1 General Requirement

Upon receipt of a rent adjustment application, the Department shall notify the tenant or tenants of the subject unit or units by mail of the following:

(1) The receipt of such application;

(2) The amount of the requested rent increase;

(3) The landlord's justification for the request;

(4) The tenant's right to submit written objections to the adjustment request within 10 days of the date of mailing such notice; and

(5) The address to which the objections may be mailed or delivered.

The Department shall address such notice to each primary tenant or head of tenant household listed in the landlord's application.

225.01.2 Noticing Specific to Primary Renovation Program

In addition to the information listed in the preceding paragraph, the Department's notice to a tenant of the Department's receipt of a rent adjustment application for Primary Renovation Work shall include:

(1) A summary of these regulations and related portions of the Ordinance;

(2) The cost of Primary Renovation Work undertaken at the tenant's rental unit;

(3) An explanation that the proposed rent increase represents the lesser of (a) the rent increase allowable based upon the cost of Primary Renovation Work at the tenant's rental unit or (b) ten percent (10%) of the stated rent for that unit;

(4) An explanation that any approved rent increase must be imposed in two equal stages over the course of two years; and

(5) An explanation that the maximum 10% rent increase for Primary Renovation Work may be imposed no more than once during the tenancy of any Low Income Tenant Household, provided the Low Income Tenant Household provides the Department with evidence of low income status within 30 days of receipt of the Department's notice.

225.01.3 Examples of Tenant Objections

The Department's notice to tenants affected by a proposed rent adjustment under the Primary Renovation Program also shall provide examples of objections that may be raised including the following:

(1) The landlord is attempting to increase the rent on a unit where the rent cannot be legally raised;

(2) The tenant has grounds to believe that some of the Primary Renovation Work or Related Work referenced in the rent adjustment application was not completed;

(3) The tenant moved in after the Tenant Habitability Plan was approved by the Department; and

(4) The 12-month time period from the completion of the Primary Renovation Work and Related Work has expired and the landlord is no longer eligible to apply for an increase in the rent.

The Department's notice to tenants shall also state that tenant objections to a proposed rent adjustment are not limited to these examples.

225.02 Identification of Eligible Costs and Calculation of Rent Adjustments

The Department shall identify eligible primary renovation costs and calculate related rent adjustments in accordance with these regulations. In no case shall the total costs determined to be recoverable exceed the total amount listed in the landlord's application.

In determining the eligibility of such costs, the Department shall rely upon documentation submitted by the landlord, statements from tenants, information gathered by the Department, and assessments based on market prices or industry norms.

Documents submitted by the landlord will be examined for accuracy and conformity with industry norms or market prices for the type of work involved and for equipment and materials purchased by the landlord. Should the Department find the costs reported by the landlord are significantly higher than market prices or industry norms, the Department may reduce the eligible costs in accordance with these prices or norms. If the Department so reduces the eligible costs in accordance with market prices or industry norms, the Department will provide the landlord with a written explanation of its action.

In undertaking its review of the application, the Department may contact the landlord, affected tenants, or any of the contractors and vendors shown on the documents submitted by the landlord. The Department also may elect to conduct site visits to directly examine the completed work.

225.03 Departmental Decision

225.03.1 Suspension

The Department may suspend an application that lacks adequate documentation for up to 30 days (or longer with the landlord's consent) to allow the landlord an opportunity to provide documentation. If the landlord does not provide the necessary documentation by the end of the suspension period, the application shall

be disapproved. Suspended time to allow a landlord to provide additional documentation is not part of the 45-day review period allotted for the Department to make its determination.

225.03.2 Determination

Within 45 days of the receipt of a completed application, the Department shall make a written determination on an application for rent adjustment, together with written findings supporting its determination, and mail copies of its determination and related findings to the applicant and all affected parties.

In making its determination, the Department shall either:

(1) Approve rent adjustments for the amount requested, provided that the application meets the requirements set forth in these regulations; or

(2) Disapprove rent adjustments for the amount requested, in whole or in part, whenever the application fails to meet requirements under these regulations.

225.03.3 Notice of Appeal Rights

With its transmittal of its determination and findings, the Department shall include notice to the applicant and all affected tenants that they have a right to request a hearing to challenge the Department's determination in accordance with LAMC Section 151.07 A.3. and Section 227.00, *et seq.*, of these regulations. In the event the Department disapproves an application for a rent adjustment, the transmittal shall also include notice of the right to resubmit the application under RAC Regulation 224.02.

225.04 Record Keeping

The landlord's application for a rent increase under the Primary Renovation Program and all supporting documentation shall be a matter of public record, except for information related to the names, phone numbers, unit numbers, move-in dates, and rents of individual tenants. Documentation submitted by tenants shall also be a matter of public record, except as prohibited by law.

225.04.1 Record Retention

The Department shall maintain all records in accordance with Chapter 12 of the Los Angeles Administrative Code. In addition, the Department shall maintain a permanent record of the following information:

(1) Identification, by address and unit number, of all rental units receiving rent increases under the Primary Renovation Program;

(2) A description of the Primary Renovation Work performed;

(3) The primary tenants or heads of tenant households who received such rent increases;

(4) The rent for each unit at the time of application for a rent adjustment under the Primary Renovation Program;

(5) The final approved amount of the rent adjustment; and

(6) Any identified low-income tenants.

225.04.2 Ineligible or Incomplete Applications

The Department shall return disapproved applications which it finds to be incomplete or to be not eligible under the Ordinance to the landlord with a written explanation as to why the application was disapproved along with notice of the right to resubmit the application under RAC Regulation 224.02.

226.00 RENT INCREASE IMPLEMENTATION

Upon approval by the Department, the landlord may impose a rent increase for Primary Renovation Work regardless of the filing of a request for a hearing to appeal the Department's determination of an allowable rent increase. The landlord shall comply with State law and LAMC requirements to give each tenant notice stating the amount of the monthly rent increase and the effective date of the commencement of the rent increase.

227.00 CHALLENGES TO DETERMINATIONS

227.01 Request for Hearing

Either a landlord or tenant may appeal the Department's determination of an allowable rent increase by filing a request for hearing. Such request must be in writing on a form issued by the Department and state a reason for the appeal. This appeal must be received by the Department within 15 days after the mailing of the Department's findings and determination. In accordance with LAMC Section151.14 E., if a request for hearing is mailed to the Department, it is deemed to be received by the date of the postmark affixed on an envelope properly addressed to the Department.

The Department's determination may be appealed only on the following grounds:

(1) That the Department committed an error by failing to apply the regulations properly;

(2) That the Department's determination was an abuse of discretion because it was arbitrary or capricious; or

(3) That there is new evidence to be presented which would warrant a decision different from that made by the Department.

The filing of a request for hearing by a tenant will not stay the effect of the determination of the Department. However, any increase collected by the landlord pursuant to the Department's determination but not approved by the Hearing Officer shall be refunded by the landlord to any tenants from whom such rent increases were collected, or offset by the landlord against the next legally due rental payment, in accordance with LAMC Section 151.07 A.3.(b).

Each request for hearing shall be accompanied by a $35.00 filing fee to be submitted in the form of a check or money order payable to "The City of Los Angeles." In accordance with LAMC Section 151.14 C., this fee may be waived for any individual who files a declaration stating that he or she annually earns no more than 50% of the median income for the Los Angeles area as calculated annually by the U.S. Department of Housing and Urban Development. The notice of hearing rights shall contain the annual income for various family sizes which correspond to 50% of the median income.

227.02 Hearing Procedures

The Department shall schedule a hearing no later than 30 days after the request for hearing is received and shall provide the landlord and affected tenant households a minimum of ten days notice of the time and place of the hearing. The hearing will be conducted by a Hearing Officer designated by the Department, and both landlords and tenants may submit documents, testimony under oath, written declarations or other evidence.

If new documentation or information is presented at the hearing, the Hearing Officer may continue the hearing for up to 30 days to allow staff sufficient time to examine the evidence, provided that any continuation must be within the limits imposed for final action on the appeal unless a waiver of time limits is given by the appellant. The Hearing Officer should give such evidence consideration in accordance with the circumstance afforded for its verification and/or examination and comments by affected parties.

227.03 Hearing Officer Decision

227.03.1 Written Determination

The Hearing Officer shall make a written determination upholding, reversing, or modifying the determination of the Department within 45 days of the termination of the time for filing a request for a hearing. The Department subsequently shall mail copies of the Hearing Officer's findings and determination to the applicant and to all affected tenant households.

If the Hearing Officer's decision is to reverse or modify the original Department determination, the Hearing Officer shall specifically set forth the reasons for such reversal or modification. In no case shall the total costs determined to be recoverable exceed the total amount listed in the landlord's application.

227.03.2 Applicant Bad Faith

If a Hearing Officer determines, based upon clear and convincing evidence, that an applicant has willfully or knowingly with the intent to deceive made or caused to be made a false statement or representation, or knowingly failed to disclose a material fact, in connection with any application under consideration by the Hearing Officer, then the Hearing Officer may deny the application.

227.03.3 Appeal of Hearing Officer Decision

With one exception, there is no administrative appeal of a Hearing Officer's decision regarding an application for rent increase due to Primary Renovation Work. The one exception pertains to cases where a Hearing Officer has denied an application due to bad faith on the part of the applicant, in accordance with Section 227.03.2 of these regulations and LAMC Section 151.14 D., in which case the applicant may appeal the determination to the RAC.

228.00 IMPLEMENTATION OF FINAL DECISION

Reversals or modifications of Department determinations by a Hearing Officer shall be implemented in the following manner:

(1) If the rent increase, or a portion thereof, was disallowed by the Department and is now authorized, the landlord may increase the rent after compliance with statutory notice requirements.

(2) If a rent increase had been authorized by the Department and this increase is disallowed by the Hearing Officer, the landlord shall cease collecting the rent increase and refund to tenants any previously collected increases, or credit this amount against the tenants' next rent payment.

(3) If a rent increase has been authorized by the Department and the increase is reduced by the Hearing Officer, the landlord shall cease collecting any sums in excess of the amount allowed by the Hearing Officer and refund all excess rent increases collected, if any, or credit the amount against the tenant's next rent payment.

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES M. MÁRQUEZ, GENERAL MANAGER

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JUST AND REASONABLE GUIDELINES
Amended Effective: September 1, 2005

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240.00 GUIDELINES TO BE USED BY HEARING OFFICERS FOR DETERMINING A JUST AND REASONABLE RETURN (LAMC 151.07 B1)

DEFINITIONS:

The following words and phrases, whenever used in these Guidelines, shall be construed as defined in this section. Words and phrases not defined herein shall be construed as defined in the Rent Stabilization Ordinance.

Appeals Board: Three or m ore members of the Rent Adjustment Commission acting as an Appeals Board. (LAMC 151.07B4c)

Base Year: As more fully described in Sections 242.00 and 243.00, the Base Year is either 1977 or the earliest year for which a property's financial records are available.

Current Year: The most recent calendar or fiscal year prior to the date of the Just and Reasonable application.

Department: The Housing Department of the City of Los Angeles.

LAMC: The Los Angeles Municipal Code.

Net Operating Income: As described in Section 241.01, the figure arrived at by subtracting the property's Operating Expenses from the Total Gross Income.

Operating Expenses: As more fully described in Sections 241.09 thru 241.18, these are the expenses incurred operating the property. Operating Expenses do not include debt service expense or depreciation unless the debt service relates to financing obtained prior to June 1, 1978 and if it contains either a balloon payment or variable rate provision.

Ordinance: The Rent Stabilization Ordinance of the City of Los Angeles (LAMC 151.00 et seq.).

RAC: The Rent Adjustment Commission of the City of Los Angeles consisting of members who are neither landlords nor tenants of residential rental property. (LAMC 151.03)

Total Gross Income or Gross Income: As more fully defined in Sections 241.02 thru 241.07, this is all of the income generated by the property for which the application has been filed, before deducting Operating Expenses.

240.01 The Ordinance as amended, and Regulations and Guidelines promulgated by the RAC, contain a number of provisions which normally assure a Just and Reasonable return on rental units subject to the ordinance. These provisions include:

A) Automatic annual rent increases

B) Vacancy decontrol

C) Exemption of luxury apartment units

D) Pass through of capital improvement costs

E) Pass through of rehabilitation work costs

F) Pass through of special assessment costs

G) Adjustments for units with seasonal rents

H) Increases based on additional persons occupying a unit

I) Pass through of costs of conversion to individual utility meters

J) Special utility increases in master-metered buildings

K) Primary Renovation

240.02 The Ordinance authorizes Hearing Officers to grant rent increases or surcharges where the maximum rent or maximum adjusted rent does not constitute a Just and Reasonable return in accordance with such Guidelines as the RAC may establish.

240.03 The RAC presumes that the net operating income received up to May, 1978 provided landlords with a Just and Reasonable return on their rental units, unless there is clear and convincing evidence to the contrary. In most cases the automatic increases allowed by the Ordinance and the property tax savings resulting from Proposition 13 provide sufficient additional operating income to landlords to maintain at least the same net operating income they experienced in 1977 adjusted by an inflation factor. However, in some cases landlords may have incurred reasonable operating expenses which exceed the rent increases allowed by the Ordinance and the tax savings resulting from Proposition 13. Therefore, landlords who have had such reasonable increased operating expenses shall be able to maintain the same level of net operating income as

they experienced in 1977 plus a Price Level Adjustment as determined by the RAC from time to time.

241.00 DETERMINATION OF THE NET OPERATING INCOME

241.01 Net Operating Income is determined by subtracting the annual Operating Expenses from the property's Total Gross Income.

241.02 Total Gross Income is determined by adding the following:

A) Actual Residential Unit Income

B) Garage and Parking Income

C) Store and Office Income

D) Adjusted Income for Below Market Rentals

E) Miscellaneous Income

241.03 Actual Residential Unit Income is the total annual income received from all the dwelling units in the rental complex.

241.04 Garage and Parking Income is the additional income received for parking services in the garage or parking spaces on the grounds of the rental property.

241.05 Store and Office Income is the total annual income received from any stores or offices located on the rental property.

If income from stores or offices is reported in the Base Year but not in the Current Year, then such reported income will be eliminated in computing the Base Year's net operating income.

241.06 Adjusted Income for Below Market Rentals is an amount representing the difference between the actual rent collected and what the landlord could have collected if the units had been rented at their full market value. Examples of below market rents include but are not limited to units occupied by the landlord, the landlord's family, or the unit of a resident manager. The below market rent is determined by the rent level of the highest comparable unit in the rental complex. Where there is no exact comparable unit, the below market rent is determined on the basis of the highest rent for a unit in the same rental complex, adjusted for differences in size, amenities, etc. Where there is no comparable rental unit within the complex, the rent of a comparable unit in the

immediate neighborhood may be used. The burden of proof is on the applicant to establish a reasonable basis for estimating the below market rent.

A) In the Base Year a landlord is permitted to make an upward adjustment of Gross Income only for a unit occupied by the landlord, landlord's family, or by a manager, agent, or employee where, in the Base Year, either no rent was charged or a rent level below that of a comparable unit can be demonstrated.

B) In the Current Year, a landlord must make an upward adjustment in the Gross Income for any unit occupied by the landlord, the landlord's family or by a manager, agent, or employee where the unit is rent free or where the rent is lower than the rent in the building for a comparable unit.

C) In addition, the Current Year Gross Income must be adjusted upward to reflect lost rent or below market rents for units permanently removed from rental housing use.

241.07 Miscellaneous Income is determined by adding all actual revenues received from such sources as maid services, gas and electricity sold to tenants, commissions from telecommunication and/or cable services, laundry and vending machines, signs on the building or property of the rental complex, air conditioning charges, special charges for the use of amenities, income from oil, gas, or other minerals on the rental complex property, location use payments by motion picture or television production companies, special rentals for occasional use of recreating rooms or other common areas, any interest derived from tenant money held as security deposits, and any income derived from the operations of the rental complex.

241.08 Vacancies in both the Base Year and the year for which the application is made are not calculated. However, in cases where the Hearing Officer finds unusual vacancy patterns, the Hearing Officer will have the discretion to adjust the Gross Total Income where the vacancies have been the result of a landlord withholding rental units from the market.

241.09 Operating Expenses are determined by adding the following:

A) Management and Administrative Expenses

B) Adjustment for landlord performed services

C) Operating Expenses for:

1) Supplies
2) Heating Expenses
3) Electricity
4) Water and Sewer
5) Gas
6) Building Services
7) Other Operating Expenses

D) Maintenance Expenses including:

1) Security
2) Grounds Maintenance
3) Maintenance and Repairs
4) Painting and Decorating

E) Taxes and Insurance Expenses including:

1) Real Estate Taxes
2) Other Taxes, Fees and Permits
3) Insurance

F) Service Expenses

G) Other Payroll Expenses

241.10 In determining operating expenses, all debt service expense, depreciation and expenses for which a landlord has been reimbursed or was eligible for reimbursement but failed to obtain reimbursement must be excluded.

241.11 Management and Administrative Expenses include: Wages of administrative personnel, including agency fees for administrative services and the use value of any rental unit offered in compensation for such services calculated according to Section 241.06 above, advertising of rental units, legal costs involving operation of the property, auditing fees for the operation of the rental complex, fees and dues in professional property management organizations except that if the landlord owns more than one rental complex, such expenses must be apportioned among the rental complexes owned, telephone and building office expenses used for rental operations and office supplies, but excluding:

A) Advertising for the sale of condominiums or for the sale of the rental property as a whole;

B) Legal and auditing costs engendered by the purchase or sale of the rental complex;

C) Legal costs resulting from the legal defense of the landlord from criminal charges filed against the landlord by local, state, or federal authorities or litigation costs stemming from judgments or settlement agreements demonstrating the landlord's liability for injuries or damages due to the landlord's failure to maintain the property in a habitable condition, or legal fees incurred by the landlord in challenging the legality of the Ordinance or the RAC's Guidelines.

241.12 An adjustment of Management and Administrative Expenses shall be allowed where the landlord performs management or administrative functions of self-labor in operating and/or maintaining the property. In addition to the actual Management and Administrative Expenses listed in Section 241.11 above, where the landlord performs such services, the landlord may calculate an expense figure representing the value of such unpaid management and administrative services. However, the total costs of Management and Administrative Expenses including the foregoing adjusted expense cannot exceed 7% of the Total Gross Income as described in Section 241.0 2 above. Where the landlord has performed substantially similar services in both the Base Year and the Current Year, the foregoing adjusted expenses must be calculated for both the Base Year and the Current Year at the same percentage of Total Gross Income.

When the landlord performs different services in the Base Year and the Current Year, an adjustment will be allowed for such differences to the extent that the landlord shall document the amount of such differences. In the event that administrative services (including legal and auditing) are performed by a relative of the landlord, the landlord must obtain written evidence of competitive bids for these services, and the cost for such services must be completely documented. However, as detailed above, in no event shall the costs of Management and Administrative Expenses exceed 7% of the property's Total Gross Income.

241.13A Operating Expenses include:

1) Supplies, including janitorial services, light bulbs, uniforms for employees, etc.

2) Heating Expenses include coal or oil used for heating the building.

3) Electricity Expense includes all landlord-paid electricity for both rental units and common area.

4) Water and Sewer Expenses include all landlord-paid expenses for the rental complex.

5) Gas includes all gas charges paid by the landlord for both rental units and common areas.

6) Building Services include expenses for window washing, lobby directory, exterminating, rubbish removal, TV antenna service, cable and/or telecommunication services.

7) Other Operating Expenses include any other expenses which do not fit some other category. This category includes interest paid by the landlord on tenant security deposits. Expenses listed under this category much be explained.

241.13B Operating Expenses Do Not Include:

1) Penalties and Late Fees imposed by the Ordinance.

2) Penalties and Fines imposed by any governmental agency for the failure or delay in paying taxes and fees or for illegal activities committed by or culpably not prevented by the landlord and for the failure by the landlord to maintain the property in a safe and habitable condition.

3) Prohibitions by the City or State against the landlord passing though otherwise eligible operating expenses or capitalized Capital Improvement expenditures; (for example, following administrative hearings where the landlord has been denied expense pass-through rights due to inclusion in the City's Rent Escrow Account Program (REAP) or Rent Reduction Program, or the State's limitations on tax deductions to owners of "substandard" properties).

4) Self-Labor expenditures unless the landlord meets the conditions imposed by RAC Regulation 211.07.

5) Costs for which a landlord has already received a rent increase based on the Capital Improvement Regulations (RAC Regulation 210.00 et seq.) or other RAC regulations.

241.14 Maintenance Expenses include:

A) Security Expenses such as wages of any security personnel, contracted security expenses, door guards, and the operating costs of security equipment.

B) Grounds Maintenance Expenses include wages of ground keepers, gardeners, plant materials, external building lighting, sidewalk and parking lot maintenance costs.

C) Maintenance and Repairs include all general maintenance and repair both inside and outside the building, elevator maintenance, plumbing and electrical service, fire protection and smoke detector servicing, plastering and masonry repair, carpentry, heating and/or air conditioning repair, roofing and tuck pointing.

However, Capital Improvements are not annual expenses. Landlords who did work which constitutes Capital Improvements under the RAC's Guidelines must capitalize such expenses in accordance with the following:

1) If the work required a permit from the Department of Building and Safety and consisted of one or more of the following:

a) The replacement of existing water or gas supply lines, the replacement of existing drain waste lines, or the installation of additional new supply or waste lines;

b) The replacement of electrical wiring or circuits, the replacement of an electrical service panel, or the addition of new wiring or circuits;

c) The replacement or upgrading of a heating, ventilation, or air conditioning (HVAC) system or the replacement, upgrading, or initial installation of an elevator system;

d) The addition, modification or improvement to the foundation or the structure (including the roof) that exposed the building frame or compromised the building's security, weather protection or fire protection; or

e) The abatement of hazardous materials, such as but not limited to lead-based paint and asbestos, in accordance with the applicable federal, state and local laws.

The costs associated with the above must be amortized over a period of fifteen years (180 months) and the landlord may only charge six and two thirds percent (6.67%) in the year such expense occurred and for the next successive fourteen years until fully amortized.

2) For all other work which constitutes a Capital Improvement , such expenses must be capitalized on the basis of a five-year (60 months) amortization and only one-fifth of the total expenses may be charged in the year such an expense occurred and for the next successive four years until fully amortized. In the event there were capital expenditures in the 1977 base year or in any of the four years prior to 1977 (1973-1976), the capitalized value of the capital improvement expenditures (20% for each year must be carried into the Base Year as a capitalized expense). The same capitalization requirement applies to Base Years from 1978 through 1982. In the event an applicant uses an alternative Base Year of 1983 or later, the applicant must include as a capitalized expense 20% of the cost of any capital improvements approved by the Department in any of the four years immediately preceding the alternative Base Year.

D) Painting and Decorating include all costs including wages and materials, and contracted labor painting and decorating the interior or exterior of the building, including the cost of paint, wallpaper, brushes, wallwashing and replacement costs related to floor covering, draperies, and light fixtures all of which will be amortized as in subsection (C) above.

E) A landlord who is a licensed contractor may include as an expense any self-labor costs connected with a capital improvement, rehabilitation, or maintenance work by fully complying with the self-labor provisions of RAC Regulation 211.07 and RAC Regulation 251.06 which state that:

1. If labor for work which requires a permit under the Los Angeles Municipal Code is provided by the landlord, the landlord's family member, or the landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing must be included with the application. In addition, the landlord must submit a minimum of two estimates or bids by non-related licensed contractors specifying both material

and labor costs. Labor costs on these bids must be identified by the type of labor performed, the number of hours to perform the work, and the rate paid for the work.

Documented time cards must be submitted for all work performed by the landlord, family member, agent, or employee.

2. If labor for work which does not require a permit under the Los Angeles Municipal Code, nor the services of a state licensed contractor, is provided by the landlord, the landlord's family member, or the landlord's agent or employee, such labor costs are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employee. Documented time cards must specify the number of hours spent on each task and identify the specific building on which the work was performed. In addition, for work costing over $200.00, the landlord must submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

241.15 Taxes and Insurance include:

A) Real Estate Taxes include all local or state taxes as well as non-capitalized assessments.

B) Other Taxes, Fees and Permits such as the Rent Registration fee, Systematic Code Enforcement Program Fee, City of Los Angeles Gross Receipts tax, personal property taxes, applicable to the property, franchise and business taxes, sign permit fees, etc.

C) Insurance including all one-year charges for fire, liability, theft, boiler explosion, rent fidelity bonds, and all insurance premiums except those paid to FHA for mortgage insurance or employee benefit plans. Whenever a premium is multi-year, it must be pro-rated to all applicable years.

241.16 Service Expense include the annual cost of maintaining recreational amenities such as saunas, gymnasiums, billiard rooms, pools, jacuzzis, and tennis courts. Such costs include payroll, contractual services, materials and supplies, and minor non-capitalized equipment replacement. Improvements qualifying as Capital Improvements must be amortized as described in Section 241.14C above.

241.17 Other Payroll Expense include any payroll expenses not included in any of the categories previously listed, such as janitors, maids, elevator operators, telephone switchboard operators, and rental agents.

241.18 Operating expenses must be reasonable. Whenever a particular expense exceeds normal industry standards in the Base Year or in the Current Year for which the application for a rent increase is made, the Hearing Officer shall determine whether the expense is reasonable. In cases where the Hearing Officer determines that a particular expense is unreasonable, the Hearing Officer shall adjust the expense to reflect the normal industry range for that year. The Hearing Officer shall indicate the reason for such an adjustment in the determination.

241.19 In case the financial data necessary for preparing the Net Operating Income have been lost or are unavailable, the landlord applying for a Just and Reasonable rent increase must be prepared to supply or assist fully the Department or RAC in obtaining such financial data as may be available in records kept by the landlord, accountants, tax preparers, bookkeepers, escrow companies, real estate brokers or agents, former owners, etc. The failure of a landlord to supply such records or to assist the Department or RAC in obtaining such records as may exist shall be factors that will be used in determining if there is "clear and convincing evidence" as required in Sections 243.02, 243.02, 243.02A or elsewhere where the Net Operating Income must be supplied.

242.00 DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1977 BASE YEAR FORMULA

242.01 The Base Year shall be 1977 when the financial information for that year is available.

242.02 Determine the 1977 Net Operating Income.

242.03 Determine the Current Year Net Operating Income in accordance with the provisions of Sections 241.01 - 241.07. The Current Year shall be the most recent calendar or fiscal year prior to the date of the application.

242.04 Add to the Net Operating Income for 1977 the Price Level Adjustment according to the formula published on the Price Level Adjustment Calendar Matrix maintained by the Department.

242.05 The Net Operating Income from the Current Year is compared to the 1977 Net Operating Income plus the Price Level Adjustment:

A) If the Current Year Net Operating Income is larger than the 1977 Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

B) If the Current Year Net Operating Income is less than the 1977 Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the Current Year Net Operating Income to equal the 1977 Net Operating Income plus the Price Level Adjustment.

242.06 Landlords who did not own the rental property in 1977 shall use the 1977 Net Operating Income of the landlord of record in 1977 if the financial information is available.

243.00 DETERMINATION OF ELIGIBILITY FOR RENT INCREASES WHEN 1977 NET OPERATING INCOME AND EXPENSE INFORMATION IS NOT AVAILABLE

243.01 In the event that the 1977 financial information is not available, and where the unavailability of such records can be substantiated by clear and convincing evidence, a Just and Reasonable applicant who was the landlord of record in 1977 may substitute as a Base Year the first year following 1977 for which records are available.

243.02 In the case of a new landlord who did not own the rental property in 1977 and where 1977 records are not available from a previous landlord, the present landlord may, when the unavailability of the 1977 records can be substantiated by clear and convincing evidence, substitute as a Base Year the first year following 1977 for which a previous landlord's records are available.

243.03 In the event that no financial records are available from a previous landlord, the current landlord is eligible for a Just and Reasonable rent increase only when the landlord has two complete years of operating income and expenses. The first year Net Operating Income for such landlords will be the Base Year.

243.04 Repealed by the RAC on March 17, 2005.

243.05 The Current Year Net Operating Income is subtracted from the Base Year Net Operating Income plus the Price Level Adjustment.

243.06 If the Current Year Net Operating Income is larger than the Base Year Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

243.07 If the Current Year Net Operating Income is less than the Base Year Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the Current Year Net Operating Income to equal the Base Year Net Operating Income plus the Price Level Adjustment.

244.00 EXCEPTION FOR CIRCUMSTANCES WHERE A LANDLORD IS SUFFERING A NET OPERATING LOSS

244.01 To ensure that no landlord suffers a net operating loss because of the provisions of the Ordinance, the Hearing Officer shall grant a rent increase sufficient for a landlord to reach a break-even point in the Current Year for which the application is made.

244.02 All the criteria contained in Sections 241.00 through 241.18 shall be followed.

245.00 DETERMINATION OF THE RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT

245.01 The rental increase permitted is determined by using one of the following listed formulas:

A) The 1977 Base Year (Sections 242.00 - 242.06)

B) When the 1977 Base Year Data is not available (Sections 243.00 - 243.07)

C) The Net Operating Loss Circumstance (Sections 244.00 - 244.02)

245.02 To obtain the rent increase for each rental unit at the property, the dollar amount the total rent can be raised according to one of the above 3 formulas is divided equally by the number of rental units in the property. This is the annual increase for each unit. To obtain the periodic increase (monthly, weekly, etc.) The annual unit increase is divided by the frequency of the rental payments. For example: if paid monthly the annual increase is divided by 12; if paid weekly the annual is divided by 52. The result of these calculations is the dollar amount the rent can be raised in each rental unit. The legal rent used in these calculations is the current rent at the time of the application provided this rent does not exceed the amount permitted by the Ordinance and any Regulations or Guidelines issued by the RAC.

245.03 No rent increase granted pursuant to the above shall be construed to permit landlords to raise their rents in violation of any terms or provisions of a written lease.

246.00 PROCEDURES FOR LANDLORDS APPLYING FOR A JUST AND REASONABLE RENT INCREASE (LAMC 151.07 B3)

246.01 Landlords should examine carefully the Guidelines to be used by Hearing Officers for determining a Just and Reasonable return (Section 240.00 et seq. above). The conditions covering eligibility for a Just and Reasonable return are listed in those sections which describe the various alternative methods available to the property owner. The property owner should also examine the Guidelines for Appeals to the RAC (Section 248.00 et seq. below) which describe appeals from the decision of a Hearing Officer and the special circumstances where the standards described in Section 240.00 et seq. may be applicable.

246.02 Landlords are advised to examine the most current Price Level Adjustment Calendar Matrix.

246.03 Before a landlord may increase rents on the basis of Just and Reasonable Guidelines, the landlord must first obtain the written approval of a Hearing Officer or the RAC. (LAMC 151.07 B1)

246.04 The landlord may request a Just and Reasonable increase by completing the City's standard "Application for Rent Increase Under Just and Reasonable Guidelines." Either the Comparative Profit and Loss Statement form, which is a part of the application, or "Schedule E" from the Federal tax return for the relevant year(s) may be used. The completed application shall be delivered to the City of Los Angeles in accordance with instructions given on the application. (LAMC 151.07 B1, B3)

246.05 There is a $25 fee for filing an application for a Just and Reasonable rent increase. (LAMC 151.07 B3a). Very low income landlords can be exempted from the $25 filing fee by filing an indigence exemption form which is available from the Department. (LAMC 151.14 C)

246.06 The landlord may not collect any rent increase based on a Just and Reasonable application until such time as the Hearing Officer approves the request. Such increase may not go into effect until after compliance with statutory notice requirements.

246.07 In no case will the Hearing Officer authorize a rent increase beyond the amount requested by the landlord in the application. (LAMC 151.07B3d)

246.08 In the event that an application lacks the required documents or that there are major errors in the mathematical computations showing the individual rent increases, the application will be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14 A)

246.09 If an application is returned by the Department because of error or missing documents, the landlord may re-submit the application without an additional filing fee after correcting the error or obtaining the necessary documents. (LAMC 151.14 A)

246.10 Photocopies of all relevant documents must be attached to the completed application.

246.11 Whenever a Just and Reasonable rent increase application has been accepted for processing and at a later date it is determined that the application lacks complete documentation and/or required information, the case may be suspended prior to the hearing for a 30 day period commencing upon the date of mailing the notification to the landlord of the documentation and/or information needed. If at the end of this 30 day period the requested information has not been supplied, the application will be denied without prejudice. The landlord may re-submit the application without an additional filing fee after obtaining the necessary documents or information.

246.12 In no event will an application for a rent increase be considered until the landlord has established that the rental units for which an increased rental is sought have been duly registered as required by law. (LAMC 151.05A)

246.13 Landlords should submit photocopies rather than original documents. Materials attached to the application will not be returned to the landlord. However, the landlord must, upon request by the Department, show to the Department or to a Hearing Officer the original document from which a photocopy was made. (LAMC 151.07 A2a)

247.00 PROCEDURES AFTER THE LANDLORD SUBMITS AN APPLICATION

247.01 The Department will notify each tenant listed in the landlord's application that the landlord has requested a Just and Reasonable rent increase. The notification will include the amount of the proposed increase and the landlord's justification for the request. (151.07)

247.02 Both the landlord and the tenants will be notified of the public hearing at which the determination will be made on the landlord's application. The hearing will

take place no less than ten days nor more than forty-five days after the date of mailing such notice.

247.03 The Department will prepare an analysis of the application for the Hearing Officer. The analysis will summarize the information supplied by the landlord. It will also note any errors and missing information and indicate any points where the application may be in conflict with the RAC guidelines. A copy of the analysis will be sent to the applicant and all other affected parties. The sole purpose of the analysis will be to facilitate the hearing. The analysis is not binding on the Hearing Officer.

247.03A Repealed by the RAC on March 17, 2005.

247.04 Both landlords and tenants may offer documents, testify, or provide written declarations of evidence as may be pertinent. The Hearing Officer shall hear and receive all evidence submitted by any party at the hearing. (LAMC151.07 B3c)

247.05 Either the landlord or the affected tenant(s) may challenge, in writing or at the hearing, any portion of the Department's analysis of the application.

247.06 If the landlord and/or affected tenant(s) did not receive the Department's analysis in time to prepare a response, the Hearing Officer may continue the hearing for a reasonable amount of time to allow for the submission of written responses and/or to prepare oral testimony, subject to the time limit set forth in RAC Regulation 247.09, unless the applicant is willing to waive the time limit.

247.07 Unless a continuance has been granted, if the applicant fails to appear at a scheduled hearing, the Hearing Officer will render a decision based on the application, evidence contained in the administrative record, and/or evidence, if any, presented at the hearing.

247.08 If at the hearing the landlord fails to present documentation or information requested by the Department before or during the hearing, the hearing may be continued no more than 30 days. If the landlord does not supply the requested documentation and/or information by the new hearing date, the Hearing Officer shall render the decision based on the application and whatever evidence is available at the close of the hearing.

247.08A All evidence, written and oral, submitted at the hearing will be under oath. (LAMC 151.07 B3a)

247.09 A determination with written findings will be made by a Hearing Officer within 75 days of the filing of an application. Any suspension for purposes of obtaining additional information pursuant to Section 246.11 will not be included in computing the 75 days. The determination may be for less than the amount requested (LAMC 151.07 B3d). If the Hearing Officer determines the decreased Net Operating Income in the Current Year is likely to be permanent, the Hearing Officer shall grant a permanent rent increase that will become part of the Maximum Adjusted Rent. If the Hearing Officer determines that the decreased Net Operating Income is caused by expenses in the Current Year which are extraordinary and as such unlikely to re-occur, the Hearing Officer shall grant an increase for one year only. Such a limited increase is to be considered a surcharge, and will not become part of the Maximum Adjusted Rent. In the event a surcharge would exceed $55.00 per month, the Hearing Officer shall extend the length of time for collecting the surcharge at a rate of $55.00 per month until the full amount is recovered.

247.10 The Department will mail copies of the Hearing Officer's findings to the landlord and tenants. The determination will be final unless an appeal is filed with the RAC within 15 days of mailing of findings. (LAMC 151.07 B3e)

247.11 Upon approval by a Hearing Officer, a Just and Reasonable rent increase or surcharge can go into effect after the landlord has complied with statutory notice requirements, regardless of the filing of an appeal to the RAC.

248.00 PROCEDURES FOR APPEALING THE DECISION OF A HEARING OFFICER TO THE RAC APPEALS BOARD (LAMC 151.07 B 4)

248.01 An appeal of the determination of the Hearing Officer must be made on the form prescribed by the Department. An appeal must be accompanied by a $50 filing fee. Very low income tenants and landlords can be exempted from the $50 filing fee by filing an indigence exemption form which is available from the Department. (LAMC 151.07 B4a, 151.14 C)

248.02 The appeal must state specifically why the appellant is entitled to an appeal hearing. The grounds for an appeal are:

A) Error committed by the Hearing Officer, or;

B) Abuse of discretion committed by the Hearing Officer, or;

C) The existence of new, relevant information which was not submitted to the Hearing Officer at the time of the initial determination due to mistake, surprise, inadvertence, or excusable neglect, and which information

would have affected the determination of the Hearing Officer if it had been submitted earlier.

248.03 Repealed by the RAC on March 17, 2005.

248.04 If the decision of the Hearing Officer is appealed to the Appeals Board and documentation and/or information previously requested of the landlord has not been included with the application for an appeal hearing, the Appeals Board may continue the case for a 30 day period commencing upon the date of mailing to the landlord during which the landlord may submit the requested documentation and/or information. If at the end of this 30 day period, the landlord has not supplied the documentation and/or information, the Appeals Board shall hear the appeal on the basis of the record compiled by the Hearing Officer and any additional evidence which the Appeals Board may elect to accept at the appeal hearing.

248.05 The filing of an appeal by a tenant will not delay the rent increase approved by the Hearing Officer. If the tenant appeal is successful, the landlord must forthwith refund any rent increases collected on the basis of the Hearing Officer's determination. (LAMC 151.07 B4a)

248.06 Prior to the appeal hearing, Department staff may communicate with the landlord, the tenants, the previous owner, or persons connected to any firm or agency indicated in the documentation supplied by the landlord or appellant to verify the contents of such documentation or the absence of documentation. Such individuals may also be invited to testify at the appeal hearing.

248.07 The Department will prepare an analysis of the appeal for the Appeals Board. A copy of the analysis will be sent to the appellant and all affected parties.

248.08 Both landlord and/or the affected tenant(s) may challenge, in writing or at the hearing, any portion of the Department's analysis.

248.09 Repealed by the RAC on March 17, 2005.

248.10 Landlords and tenants will be notified of the appeal hearing at least ten days prior to the date set for the appeal hearing. (LAMC 151.07 B4c)

248.11 The hearing and the determination by the Appeals Board will take place within 60 days of the expiration of the 15 day appeal period or within such extended period of time as may be mutually agreed upon by the appellant and the designated Appeals Board, provided by RAC Regulation 247.10. (LAMC 151.07 B4c)

248.12 If the landlord and/or affected tenant(s) did not receive the Department's analysis in time to prepare a response, the RAC may continue the hearing a reasonable amount of time to allow the submission of a written response and/or to prepare oral testimony, subject to the time limit set forth in RAC Regulation 248.11, unless the appellant is willing to waive the time limit.

248.13 Unless a continuance has been granted, if the appellant fails to appear at a scheduled appeal hearing the Appeals Board will render a decision based on the application, the appeal, evidence contained in the administrative record, and/or evidence presented at the hearing.

248.14 If at any time there is new evidence presented on the appeal the Appeals Board may, at its discretion, refer the matter to a Hearing Officer to receive, analyze and report back the findings of said hearing, subject to the time limit set forth in RAC Regulation 248.11, unless the appellant waives the time limit.

248.15 All testimony at the hearing shall be under oath. (LAMC 151.07 B3a)

248.16 The Appeals Board may affirm, modify or reverse the determination of the Hearing Officer. It may modify or reverse such determination only upon making written findings setting forth specifically either (i) wherein the action of the hearing officer was in error or constituted an abuse of discretion, or (ii) that the new information not available at the time of the hearing upon which the appellant relies, and supporting its own determination. (LAMC 151.07 B4d)

248.17 If the Appeals Board modifies or reverses the decision of the Hearing Officer, it shall set forth specifically how the Hearing Officer was in error or what constituted an abuse of discretion. (LAMC 151.07 B4d)

248.18 The Appeals Board decision shall be concurred in by a majority of the Appeals Board hearing the appeal. (LAMC 151.07 B4d)

248.19 A copy of the Appeals Board's written findings will be mailed to the landlord and all affected tenants. (LAMC 151.07 B4d)

248.20 If the Appeals Board fails to act within the time limits set by the ordinance, the decision of the Hearing Officer becomes final.

248.20A Upon approval by the Appeals Board, a Just and Reasonable rent increase or surcharge can go into effect after the landlord has complied with statutory notice requirements.

248.21 There is no administrative appeal from the decision of the Appeals Board.

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES MÁRQUEZ, GENERAL MANAGER

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REHABILITATION WORK REGULATIONS
Effective Date - November 20,1989

INDEX

251.01 DEFINITIONS:

a. Rehabilitation work is defined in the Ordinance as “Any rehabilitation of repair work done on or in a rental unit or common areas of the housing complex containing the rental unit, and which work was done in order to comply with an order issued by the Department of Building and Safety, the Health Department, or the Fire Department due to changes in the housing code since January 1,1979, or to repair damage resulting from fire, earthquake or other natural disaster.” (LAMC 151.02)

Changes to the housing code include changes in any applicable state or local codes or regulations enacted since January 1,1979.

Improvement work performed which is not mandated by such an order nor to repair damage resulting from fire, earthquake, or other natural disaster is not eligible under these regulations. However, other types of work may be eligible under the capital improvement regulations.

b. The word “City” used in these regulations shall refer to the City of Los Angeles.

c. The word “Department” used in these regulations shall refer to that City Department designated in Section 151.02 of the Los Angeles Municipal Code.

d. The words “hearing officers” used in these regulations shall refer to those hearing officers designated in Section 151.07 of the Los Angeles Municipal Code.

e. The word “Commission” used in these regulations shall refer to the Rent Adjustment Commission designated in Sections 151.02, 151.07, and 151.08 of the Los Angeles Municipal Code.

f. The Maximum Adjusted Rent as defined in the Ordinance is: “The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter and less any rent reductions required by regulations promulgated by the Commission pursuant to Section 151.08 of this Chapter or imposed pursuant to Section 151.06.5 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include (1) any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after

January 1,1981 and such work was begun prior to June 1,1982, or (2) any increase for capital improvement work where the application for a rent increase is filed with the Department on or after October 1,1989, or (3) any increase for smoke detectors installed on or after January 1,1981." (LAMC 151.02)

g. The Maximum Rent as defined in the Ordinance is: "The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate of rent in effect between October 1,1978 and March 31,1979. If a rental unit was not rented during this period, then it shall be rent legally in effect at the time the rental unit was or is first rented after the effective date of this Chapter." (LAMC 151.02)

h. A rent increase as defined in the Ordinance is: "An increase in rent or any reduction in housing services where there is not a corresponding reduction in the amount of rent received. The Rent Adjustment Commission shall promulgate regulations as to what constitutes such "corresponding reduction." (LAMC 151.02)

i. The phrase "temporary rent increase" as used in these regulations is an increase permitted by the Ordinance which must be terminated when certain conditions are met; for example, smoke detectors when the full cost of purchase and installation has been recovered.

j. The phrase "permanent rent increase" as used in these regulations is an increase permitted by the Ordinance which continues indefinitely.

k. The phrase "work begun" as used in these regulations refers to that date on which the first physical work is done in a unit or common area for which a rent increase application is made. A landlord may be required to furnish proof of the date work was begun on each and every improvement listed in a landlord's rehabilitation work application.

l. The words "approved by the Department" and any other equivalent phrase used in these regulations shall refer to notification by the Department by letter, form, or other document that a landlord's application for a rehabilitation work rent increase has been approved. The effective date of approval shall be that date typed, stamped, or written on the approval notice. If an approval notice carries no date, the effective date shall be the date postmarked on the envelope in which the approval notice was mailed. In the absence of a date on either the notice and/or the envelope in which the notice was mailed,

the approval date shall be that date indicated in the records of the Department showing that an application was approved.

m. The phrase “completion of work” as used in LAMC 151.07.A2 and in these regulations, or other equivalent words in the Ordinance or these regulations, shall refer to the last date on which any physical work took place. For improvements which require a permit from the Building and Safety Department, the date of completion certified by the Building & Safety inspector shall serve as an acceptable date for determining the completion of work. The burden of proof shall be on the landlord to establish the date of the completion of work. (LAMC 151.07.A2b)

n. The term “Documented time cards shall refer to the records of an employee which list the date worked, hours worked, the job performed, and the rate of pay. All documented time cards must be signed by the employee.

o. Seismic work is “Work required for seismic repair reinforcement, and rehabilitation which is shown on the plans approved by the Department of Building and Safety, as described in Section 91.8805 of this Code, and limited to the following:

1. tension wall anchors;
2. diaphragm strengthening or connections;
3. bracing of existing walls;
4. strengthening existing shear walls;
5. adding new lateral load resisting elements;
6. structural elements that provide a continuous stress path;
7. new footings;
8. removal, stabilization, or bracing of parapets or appendages;
9. structural repair work;
10. other work necessary to restore the rental unit to a completed and habitable condition.”

p. All other words and phrases not defined herein shall be construed as defined in Sections 12.03 and 151.00 et. seq. of the Los Angeles Municipal Code.

251.02 Only rehabilitation work completed on or after April 1,1978, is eligible for a rehabilitation work rent increase. No tentative approval can be given prior to completion of the work.

251.03 The eligibility of any particular improvement included in the landlord's application for a rent increase based on rehabilitation work will be determined by the Department. (LAMC 151.07.A1)

251.04 If rehabilitation work has already been the basis of a rent increase under the City's Rent Moratorium Ordinance or if it has been subject to an automatic increase (e.g., smoke detectors), it may not be the basis for an additional rent increase under the Rent Stabilization provisions. (LAMC 151.07.A1b)

251.05 Labor costs must be calculated on the basis of actual costs of contractors or hired laborers. Cancelled checks, receipts, social security payments, and W-2 forms are among the types of evidence that will be required to substantiate labor costs.

251.06

a. If labor for work which requires a permit under the Los Angeles Municipal Code is provided by the landlord, the landlord's family member, or landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing must be included with the application. In addition, the landlord must submit a minimum of two estimates of bids by non-related licensed contractors specifying both material and labor costs. Labor costs on these bids must be identified by the type of labor performed, the number of hours to perform the work, and the rate paid for the work.

   Documented time cards must be submitted for all work performed by the landlord, family member, agent, or employee.

b. If labor for work which does not require a permit under the Los Angeles Municipal Code, nor the services of state licensed contractor, is provided by the landlord, the landlord's family member, agent or employee, such labor costs are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employees. Documented time cards must specify the number of hours spent on each task and identify the specific building on which the work was performed. In addition, for work costing over $200.00, the landlord must submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

251.07 Interest on money borrowed to pay for rehabilitation work in not eligible as a cost to be included in calculating the rent increase, where the mandated rehabilitation work has resulted from the landlord's failure to comply with existing housing codes (building, health, fire, etc.) applicable to the building as of April 1,1978 or where the work was performed in order to repair damage resulting from fire, earthquake, or natural disaster.

Interest on money borrowed to pay for rehabilitation work mandated because of a change in housing code regulations since April 1,1978 is an eligible cost. The interest that may be added to the cost of materials and labor regardless of the source of the funds used to perform the rehabilitation work shall be:

a. 19.6% for rehabilitation work begun before June 1,1982 (based on a 12% declining balance loan amortized monthly for the 3-year period); or

b. 33% for rehabilitation work begun on or after June 1, 1982 (based on a 12% declining balance loan amortized monthly for the 5-year period.)

251.08 Where a landlord is eligible for compensation for any portion of the money spent on rehabilitation including, without limitation, insurance, court-awarded damages, federal or state subsidies, cash rebates, and federal or state tax credits (other than tax deductions and depreciation), this compensation must be deducted from the cost of the work before amortizing the costs among the units. (LAMC 151.02B)

251.09 In the event that the compensation described in RAC regulation 251.08 above is received after the landlord receives approval for a rent increase, and such compensation was not deducted at the time of the approval, the landlord must prorate and refund such compensation among the tenants for that portion of the rent increase covered by this compensation. (LAMC 151.02.B)

251.10 The Ordinance does not require the landlord to obtain approval by the tenants before performing rehabilitation work.

251.11 Seismic work completed after March 21, 1990 or for which an application for rent increase was received after that date is not eligible as a rehabilitation work. (LAMC 151.07B).

252.11 COMPUTING THE REHABILITATION WORK RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT

252.01 The landlord is entitled to a monthly rent increase of 1/36th of the average per unit rehabilitation work cost for work begun before June 1, 1982. For work begun on or after June 1, 1982, the monthly increase is 1/60th of the rehabilitation work cost. (LAMC 151.07A1B). In the case of rehabilitation work that has been funded or subsidized through a federal, state or City housing program, the amortization period may be extended by such regulations as the Commission may from time to time promulgate (LAMC 151.08).

252.02 If the work benefits one or more but not all of the units, only those units benefitting can be given the rent increase. However, rehabilitation work in common areas or structural rehabilitation work which benefits all units in a building shall be apportioned equally to all units. For example, if vented heaters were installed in two units, only these two units can be given the rent increase, while a rent increase for repairing the roof must be apportioned to all units in the building equally.

252.03 Units which are exempt from rent stabilization (because they are luxury units, they are occupied by the owner or by members of the owner's immediate family, etc.), must be included in determining the proportionate cost to be distributed to the units. For example, if 8 units in a 10 unit building are registered and subject to the Ordinance, any rehabilitation rent increase for the would have to be divided by 10, not 8, in determining the average rent increase. (LAMC 151.07A)

252.04 If a rental unit has become decontrolled and re-rented at an open-market rate after the completion of the rehabilitation work listed in the landlord's application, no rent increase will be allowed on that unit. (LAMC 151.05C, 151.06 C1, 151.09A)

252.05 Where a lease exists which establishes the rent for a period of time, no rent increase based on rehabilitation work can be given to such a tenant until the lease expires unless the lease provides otherwise. However, such a unit must be included in calculating the proportionate cost as in the case of other exempt units. That portion of the rehabilitation work cost attributable to units where the rent cannot be raised may not be allocated to other tenants. (LAMC 151.02A)

252.06 In completing the application, the landlord must indicate the date each improvement was begun and the date each improvement was completed. The landlord must also indicate if the rent increase will be temporary or

permanent. The increase will be permanent except for the following:

A. If the application was approved by the Department between February 13, 1981 and May 31, 1982, the increase will terminate after 36 months (three years). (LAMC 151.07A)

B. If the work involves a smoke detector installed after January 1, 1981, the increase will terminate once the landlord has recovered the full cost of the purchase and installation of the smoke detector pursuant to RAC regulation 340.00 ff. (LAMC 151.06.1)

252.07 The landlord must also indicate for each increase in the application whether or not that increase will become part of the maximum adjusted rent which is the basis fo the annual automatic increase, according to the following standards:

A. An increase for work on or after June 1, 1982 will become a part of the maximum adjusted rent.

B. If work began before June 1, 1982, only those improvements approved by the Department on or before January 1, 1981 became part of the maximum adjusted rent.

C. The rent increase permitted for smoke detector does not become part of the maximum adjusted rent if the detector was installed on or after January 1, 1981.

253.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS IN APPLYING TO THE DEPARTMENT FOR A REHABILITATION WORK RENT INCREASE

253.01 Before a landlord may submit an application for a rehabilitation rent increase, all work which will be the basis of the application must have been completed. (LAMC 151.07. A1b)

253.02 An application must be made to the Department within 12 months of the completion of the work. (LAMC 151.07 A2c)

253.03 The landlord may obtain written permission by completing an application on a form approved by the Department and mailing it to the City at the address listed on the application. (LAMC 151.07A2a)

253.04 An application for rehabilitation work rent adjustment shall be accompanied by a $25.00 filing fee. The landlord shall not recover this

filing fee from any tenant. The requirement to pay this fee shall not apply to the first application for the housing complex made by a landlord within a calendar year. (LAMC 151.07 A2a)

253.05 In no event will authorization for a rent increase be given until the landlord has registered the units as required by law. The landlord must attach to the application a photocopy of the landlord's Registration Certificate issued by showing that the registration fee required by LAMC Section 151.05 A has been paid.

253.06 Photocopies of all pertinent information possessed by the landlord, including the order by the governmental agency requiring the work, must be attached to the landlord's application. In addition, the landlord must attach photocopies of all invoices, bids, building permits, financial inspection records, financial documents, cancelled checks and any other relevant papers. These might include, but are not limited to, for example, estimates contractors, and cost comparisons submitted by various vendors on equipment and supplies used in the work. Bids, estimates, and invoices must be broken down to show each item of work to be done, and where appropriate, to each rental unit, as well as for te common areas. Composite bids, etc. which fail to detail the specific work requested in the application, will not be accepted. Materials attached to the application will not be returned to the landlord. Where a photocopy is submitted, the landlord must, upon request by the Department, show to the Department or a hearing officer the original document from which the photocopy was made. The landlord may submit photographs, if such exist, of the property and the rehabilitation work that would assist the Department in expediting the landlord's application.

253.07 The landlord may not collect any rent increase based on rehabilitation work until such time as the Department approves the landlord's application. (LAMC 151.07)

253.08 For rehabilitation work which requires a permit from the Department of Building and Safety, the landlord must submit a photocopy of the necessary permit(s) and final inspection record card with the rent increase application. This requirement becomes effective on August 1, 1984, and is not retroactive.

254.00 PROCEDURES THAT WILL BE USED BY THE DEPARTMENT IN PROCESSING REHABILITATION WORK APPLICATION

254.01 The Department staff officer handling th application will review the documents submitted by the landlord to determine if the landlord's request for a rent increase meets all the requirements of the Ordinance and the Commission's regulations.

254.02 In the event that a landlord's application lacks the required documents, or there are major errors in the mathematical computations showing the individual rent increases, or there is clear evidence that the increase requested by the landlord is not eligible under the Ordinance, or an improvement was completed more than 12 months before the application is submitted, the application will be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14A)

254.03 If a landlord's application is returned by the Department because of an error or missing documents, the landlord may re-submit the application after correcting the error or obtaining the necessary documents. (LAMC 151.14A) For purpose of meeting the time limit stated in RAC regulation 253.02, the Department will use the date on which the initial application was submitted, provided that a revised application is submitted within 60 days.

254.04 Unless suspended as specified below, a decision will be made allowing or disallowing the landlord's request within 45 days from date of receipt of the landlord's application by the Department. (LAMC 151.07 A2c)

254.05 Where the Department initially accepts te application but later finds mathematical errors or incomplete documentation, the application may be suspended for a 30-day period (or longer with the landlord's consent) commencing upon the date of mailing the notification to the landlord of the documentation and/or the information needed.

254.06 The suspended time is not part of the Department's 45 day review period. If at the end of the suspension period the requested information has not been supplied, a determination shall be made on the basis of the documentation and information already supplied.

254.07 The Department will notify each tenant listed in the landlord's application that the landlord has requested approval to add a rent increase based on rehabilitation work. This notification will include a work description of the rehabilitation work, the cost and the proposed rent increase.

254.08 The tenants will be notified by the Department that they have 10 days from the date of mailing of such notification to object to the rent increase requested by the landlord. (LAMC 151.07 A2b) These objections cannot be made on frivolous grounds or on the basis that the tenants do not want the rehabilitation work. Examples of legitimate objections are: the landlord is attempting to add a rent increase on a unit where the rent cannot be legally raised (see RAC regulations 252.04 and 252.05 above) or the tenant has grounds to believe that the rehabilitation work claimed by the landlord was not actually completed (LAMC 151.07 A2b), or that the 12-month time period from completion of the rehabilitation work has expired and the landlord is no longer eligible to apply for an increase in the rent. (LAMC 151.07 A2c)

254.09 The information provided by the landlord, statement by tenants, and information received from any of the above sources will be used by the Department in determining whether or not to approve the landlord's application. (LAMC 151.07 A2a)

254.10 The documents submitted by the landlord will be examined for accuracy and conformity with industry norms for the type of work involved or for the prices of equipment purchased by the landlord. If such prices are significantly higher than market prices and industry standards, the staff member has the authority to disapprove the requested rent increase.

254.11 Written tenant responses which have a bearing on the Department's decision will become part of the public record. All other responses will be sealed and will not be available to other parties.

254.12 The Department staff member handling the application may contact the landlord, the tenants, or nay of the contractors or vendors shown on the documents submitted by the landlord.

254.13 The decision will be to approve, disapprove or modify the landlord's request, consistent with the following:

A. The Department CANNOT approve a rent increase GREATER than the amount the landlord requested:

B. The Department CAN approve a rent increase that is LOWER than the amount the landlord requested due to conditions such as minor mathematical errors in the application, only some of the work being eligible as rehabilitation work, a difference in

apportioning the cost among the affected apartments;

C. A rent increase on a unit may be modified or denied if the Department determines that the rent on that unit has been illegally increased to reflect the cost of the rehabilitation work for which the rent increase application is submitted. (LAMC 151.07 A1b)

254.14 The landlord and the tenants will be notified by mail immediately after the determination is made. (LAMC 151.07 A2c)

254.15 Upon approval of the Department; the rehabilitation work rent increase can go into effect after compliance with statutory notice requirements regardless of the filing of a request for a hearing. (LAMC 151.07 A3b)

255.00 NOTICE AND RECORD KEEPING REQUIREMENTS

255.01 Upon receipt of the Department's approval of a rehabilitation work rent increase, the landlord must give each tenant a notice stating:

A. The amount of the monthly rent increase;

B. The effective date of the commencement of the rent increase

C. The duration of the rent increase, and in the case of temporary rent increases the date when the rent increase must terminate (see RAC regulations 252.06, 252.07);

D. In the case of smoke detector increases, the full cost of the purchase and installation of the detector, and the date when the increase will terminate;

E. The amount of higher rent now demanded that is part of the maximum adjusted rent (and thus is subject to the annual automatic increase).

255.02 A copy of this notice must be retained by the landlord as a permanent part of the rental record of the unit. (LAMC 151.05c)

255.03 The Department has available for distribution an Example Sheet approved by the Commission indicating the method for calculating annual automatic increase when a landlord's legal rent includes rent increase which are not part of the maximum adjusted rent. The

Example Sheet is available without cost from the Department.

256.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS OR TENANTS WHO OBJECT TO THE DEPARTMENTAL DETERMINATION OF A REHABILITATION WORK APPLICATION

256.01 Either landlord or tenant, or possibly both, may object to the Department by filing a "Request For Hearing" form. They have a right to request a public hearing by a hearing officer if they believe that a) the Department committed an error by failing to apply the regulations properly, b) the Department's determination was an abuse of discretion because it was arbitrary or capricious, or c) there is new evidence to be presented to the hearing officer which would warrant a decision different from that made by the Department. (LAMC 151.07 A3b)

256.02 If a completed "Request For Hearing" form along with the filing fee or the "Fee Exemption" form are received by the Department within 15 days after the date of mailing of the original determination, a hearing will be set by the Department. (LAMC 151.07 A3b)

256.03 The "Request For Hearing" form must state the reason or reasons why the hearing is being requested.

256.04 There is a $35.00 fee for filing a "Request For Hearing" form. The completed application from and check or money order payable to "The City of Los Angeles" may be mailed to the address listed on the application. Cash should not be mailed. Low income tenants and landlords can apply for an exemption from the $35.00 filing fee by filing a completed "Fee Exemption" form which can be obtained from the Department. (LAMC 151.14c)

257.00 PROCEDURES FOR THE HEARING

257.01 The hearing will be set for a date no later than 30 days after the application for the hearing is received. (LAMC 151.07 A3c)

257.02 At least ten days before the hearing the landlord and the tenants will be notified of the time and place of the hearing. (LAMC 151.07 A3c)

257.03 The hearing will be conducted by hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony, written declarations or other evidence, all of which shall be submitted under oath. If at the hearing the landlord presents

documents or information not previously given to staff for their review or fails to present requested information, the hearing may be continued, up to 30 days to provide staff sufficient time to examine the documents and/or information or for the documents to be provided. Any continuation must be within the limits imposed for final action on the appeal unless a waiver of time limits is given by the appellant. The hearing officer should give such material or information consideration in accordance with the circumstance afforded for its verification and/or examination and comments by affected parties. (LAMC 151.07 A3d)

257.04 The hearing officer shall, within 45 days after termination of the time for requesting a hearing, make a determination upholding, reversing, or modifying the determination of the Department. The landlord and tenants shall be notified by mail of the findings and determination of the hearing officer. (LAMC 151.07 A3e, f)

257.05 If the hearing officer's determination is to reverse or modify the original Department determination, the hearing officer shall specifically set forth the reasons for such reversal or modification. For example, if evidence is presented that the invoices submitted by the landlord exceed normal industry costs, the hearing officer may disallow or reduce costs which the landlord has claimed, or conversely, the hearing officer may reinstate costs the Department had originally disallowed in the initial determination. The maximum rent increase the hearing officer can approve cannot exceed the original amount requested by the landlord. (LAMC 151.07A3e)

257.06 A rent increase on a unit may be revised or denied if the hearing officer determines that the rent on that unit has been illegally increased to reflect the cost of the rehabilitation work for which the rent increase application is submitted.

258.00 PROCEDURES AFTER APPROVAL OR DISAPPROVAL OF A REHABILITATION WORK APPLICATION HEARING

258.01 Upon approval by the hearing officer, the rent increase can go into effect after compliance with statutory notice requirements.

258.02 If the hearing officer reverses or modifies the original determination, the following conditions prevail:

A. If the rent increase was disallowed by the Department and is now authorized, the rent increase may go into effect after compliance with statutory notice requirements.

B. If a rent increase had been authorized by the Department and this increase is disallowed by the hearing officer, the landlord shall cease collecting the rent increase and must refund to tenants any previously collected increases, or credit this amount against the tenants' next rent payment.

C. If a rent increase has been authorized by the Department and the increase is reduced by the hearing officer, the landlord shall cease collecting any sums in excess of the amount allowed by the hearing officer and must refund all excess rent increases collected, if any, or credit the amount against the tenant's next rent payment. (LAMC 151.07 A3B)

258.03 There is no administrative appeal from the decision of a hearing officer in the case of a rehabilitation work rent increase application, except as provided by LAMC 151.14D.

[S:PUBLIC INFORMATION BULLETINS\LAHD#15BULL.WPD- January 20, 2005-hmv]

RENT Stabilization

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SEISMIC REHABILITATION WORK REGULATIONS
Effective date - April 10, 1990

INDEX

271.01 DEFINITIONS:

a. Seismic work is defined in the Ordinance as "Work required for seismic repair, reinforcement, and rehabilitation which is shown on the plans approved by the Department of Building and Safety, as described in Section 91.8805 of this Code, and limited to the following:

1. tension wall anchors;

2. diaphragm strengthening or connections;

3. bracing of existing walls;

4. strengthening existing shear walls;

5. adding new lateral load resisting elements;

6. structural elements that provide a continuous stress path;

7. new footings;

8. removal, stabilization, or bracing of parapets or appendages;

9. structural repair work;

10. other work necessary to restore the rental unit to a completed and habitable condition."

b. The word "City" used in these regulations shall refer to the City of Los Angeles.

c. The word "Department" used in these regulations shall refer to that City Department designated in Section 151.02 of the Los Angeles Municipal Code.

d. The words "hearing officers" used in these regulations shall refer to those hearing officers designated in Section 151.07 of the Los Angeles Municipal Code.

e. The word "Commission" used in these regulations shall refer to the Rent Adjustment Commission designated in Section 151.02, 151.07, and 151.08 of the Los Angeles Municipal Code.

f. The Maximum Adjusted Rent as defined in the Ordinance is: "The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter and

less any rent reductions required by regulations promulgated by the

Commission pursuant to Section 151.08 of this Chapter or imposed pursuant to Section 151.06.5 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include (1) any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after January 1, 1981 and such work was begun prior to June 1, 1982, or (2) any increase for capital improvement work where the application for a rent increase is filed with the Department on or after October 1, 1989, or, (3) any increase for smoke detectors installed on or after January 1, 1981." (LAMC 151.02)

g. The Maximum Rent as defined in the Ordinance is: "The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate in effect between October 1, 1978 and March 31, 1979. If a rental unit was not rented during this period, then it shall be rent legally in effect at the time the rental unit was or is first rented after the effective date of this Chapter." (LAMC 151.02)

h. A rent increase as defined in the Ordinance is: "An increase in rent or any reduction in housing services where there is not a corresponding reduction in the amount of rent received. The Rent Adjustment Commission shall promulgate regulations as to what constitutes such "corresponding reduction"." (LAMC 151.02)

i. The phrase "temporary rent increase" as used in these regulations is an increase permitted by the Ordinance which must be terminated when certain conditions are met; for example, smoke detectors when the full cost of purchase and installation has been recovered.

j. The phrase "permanent rent increase" as used in these regulations is an increase permitted by the Ordinance which continues indefinitely.

k. The phrase "work begun" as used in these regulations refers to that date on which the first physical work is done in a unit or common area for which a rent increase application is made. A landlord may be required to furnish proof of the date work was begun on each and every improvement listed in a landlord's seismic rehabilitation work application.

l. The words "approved by the Department" and any other equivalent phrase used in these regulations shall refer to notification by the Department by letter, form, or other document that a landlord's

application for a seismic rehabilitation work rent increase has been

approved. The effective date of approval shall be that date typed, stamped, or written on the approval notice. If an approval notice carries no date, the effective date shall be the date postmarked on the envelope in which the approval notice was mailed. In the absence of a date on either the notice and/or the envelope in which the notice was mailed, the approval date shall be the date indicated in the records of the Department showing that an application was approved.

m. The phrase “completion of work” as used in LAMC 151.08 A2 and in these regulations, or other equivalent words in the Ordinance or these regulations, shall refer to the last date on which any physical work took place. For improvements which require a permit from the Building and Safety Department, the date of completion certified by the Building and Safety inspector shall serve as an acceptable date for determining the completion of work. The burden of proof shall be on the landlord to establish the date of the completion of work.(LAMC 151.07 A2b)

n. The term “Documented time cards” shall refer to the records of an employee which list the date worked, hours worked, the job performed, and the rate of pay. All documented time cards must be signed by the employee.

o. All other words and phrases not defined herein shall be construed as defined in Sections 12.03 and 151.00 et seq. of the Los Angeles Municipal Code.

271.02 No approval can be given prior to completion of work. This includes restoring each unit to a complete and habitable condition.

271.03 The eligibility of any particular improvement included in the landlord’s application for a rent increase based on seismic work will be determined by the Department. (LAMC 151.07 A1)

271.04 If seismic work has already been the basis of a rent increase under the City’s Rent Moratorium Ordinance or it is has been subject to an automatic increase (e.g., smoke detectors), it may not be the basis for an additional rent increase under the Rent Stabilization provisions. (LAMC 151.07 A1b)

271.05 Labor costs must be calculated on the basis of actual costs of contractors or hired laborers. Cancelled checks, receipts, social security payments, and W-2 forms are among the types of evidence that will be required to substantiate labor costs.

271.06 a. If labor for work which requires a permit under the LAMC is provided by the landlord, the landlord's family member, or landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing must be included in the application. In addition, the landlord must submit a minimum of two estimates or bids by non-related licensed contractors specifying both material and labor costs. Labor costs on these bids must be identified by the type of labor performed, the number of hours to perform the work, and the rate paid for the work.

Documented time cards must be submitted for all work performed by the landlord, family member, agent, or employee.

b. If labor for work does nto require a permit under the LAMC, nor the services of a state licensed contractor, is provided by the landlord, the landlord's family member, agent or employee, such labor cost are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employee. Documented time cards must specify the number of hours spent on each task and identify the specific building on which the work was performed. In addition, for work costing over $200.00, the landlord must submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

271.07 Actual interest and finance costs for money borrowed to pay for seismic work is eligible as a cost to be included in calculating the rent increase. The interest expense can only be for the minimum period of time necessary to completely amortize the loan within the monthly increase provisions contained in RAC 272.01. In addition, the interest rate and other finance costs included must be consistent with prevailing rates and costs for similar type loans at the time the loan is made.

271.08 Where a landlord is eligible for compensation for any protion of the money spent on seismic rehabilitation including, without limitation, insurance, court-awarded damages, federal or state subsidies, cash rebates, and federal or state tax credits (other than tax deductions and depreciation), this compensation must be deducted from the cost fo the work before amortizing the costs among the units. (LAMC 151.02B)

271.09 In the event that the compensation described in RAC regulation 271.08 above is received after the landlord receives approval for a rent increase, and such compensation was not deducted at the time of the approval, the

landlord must prorate and refund such compensation among the tenants for that portion of the rent increase covered by this compensation. (LAMC 151.02 B)

271.10 The Ordinance does not require the landlord to obtain approval by the tenants before performing seismic work.

271.11 Any protion of the seismic work paid for with public funds is not an eligible cost unless the landlord is obligated to repay the public funds within one year of the completion of the work.

272.00 COMPUTING THE SEISMIC REHABILITATION WORK RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT

272.01 The landlord is entitled to a monthly increase of 1/60th of the average per unit cost of seismic work not to exceed $75 per month. The monthly increase shall continue until the landlord has recovered all eligible costs of the seismic work.

272.02 Units which are exempt from rent stabilization (because they are luxury units, they are occupied by the owner or by members of the owner's immediate family, etc.), must be included in determining the proportunate cost to be distributed to the units. For example, if 8 units in a 10-unit building are registered and subject to the Ordinance, any seismic rehabilitation rent increase for the roof would have to be divided by 10, not 8, in determining the average rent increase. (LAMC 151.07 A)

272.03 If a rental unit has become decontrolled and re-rented at an open-market rate after the completion of the seismic work listed in the landlord's application, no rent increase will be allowed on that unit. (LAMC 151.05 C, 151.06 C1, 151.09 A)

272.04 Where a lease exists which establishes the rent for a period of time, no rent increase based on seismic work can be given to such a tenant until the lease expires unless the lease provides otherwise. However, such a unit must be included in calculating the proportionate cost as in the case of other exempt units. That portion of the seismic work cost attributable to units where the rent cannot be raised may not be allocated to other tenants. (LAMC 151.02 A)

272.05 In completing the application, the landlord must indicate the date each improvement was begun and the date each improvement was completed.

273.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS IN APPLYING TO THE DEPARTMENT FOR A SEISMIC REHABILITATION WORK RENT INCREASE

273.01 Before a landlord may submit an application for a seismic rehabilitation work rent increase, all work which will be the basis of the application must have been completed, including work necessary to restore the unit(s) to a habitable condition. (LAMC 151.07 A1b)

273.02 An application must be made to the Department within 12 months of the completion of the work. (LAMC 151.07 A2c)

273.03 The landlord may obtain written permission by completing an application on a form approved by the Department and mailing it to the City at the address listed on the application. (LAMC 151.07 A2a)

273.04 An application for seismic rehabilitation work rent adjustment shall be accompanied by a $25.00 filing fee. The landlord shall not recover this filing fee from the tenant. The requirement to pay this fee shall not apply to the first application for the housing complex made by a landlord within a calendar year. (LAMC 151.07 A2a)

273.05 In no event will authorization for a rent increase be given until the landlord has registered the units as required by law. The landlord must attach to the application a photocopy of the landlord's Registration Certificate issued by the City or a photocopy of the cancelled check or a receipt from the City showing that the registration fee required by LAMC Section 151.05 A has been paid.

273.06 Photocopies of all pertinent information possessed by the landlord, including the order by the Department of Building and Safety requiring the seismic work, must be attached to the landlord's application. In addition, the landlord must attach photocopies of all invoices, bids, building permits, financial inspection records, financial documents, cancelled checks and any other relevant papers. These might include, but are not limited to, for example, estimates of costs by various contractors contacted by the landlord, bids by competing contractors, and cost comparisons submitted by various vendors on equipment and supplies used in the work. Bids, estimates, and invoices must be broken down to show each item of work to be done, and where appropriate, to each rental unit, as well as for the common areas. Composite bids, etc., which fail to detail the specific work requested in the application will not be accepted. Materials attached to the application will not be accepted. Materials attached to the application will not be returned to the landlord. Where a photocopy is submitted, the landlord must, upon request by the Department, show to the Department or a hearing officer the original

document from which the photocopy was made. The landlord may submit photographs, if such exist, of the property and the seismic rehabilitation work that would assist the Department in expediting the landlord's application.

273.07 The landlord may not collect any rent increase based on seismic rehabilitation work until such time as the Department approves the landlord's application.(LAMC 151.07)

273.08 Seismic rehabilitation work which requires a permit from the Department of Building and Safety, the landlord must submit a photocopy of the necessary permit(s) and final inspection record card with the rent increase application.

274.00 PROCEDURES THAT WILL BE USED BY THE DEPARTMENT IN PROCESSING SEISMIC REHABILITATION WORK APPLICATIONS

274.01 The Department staff officer handling the application will review the documents submitted by the landlord to determine if the landlord's request for a rent increase meets all the requirements of the Ordinance and the Commission's regulations.

274.02 In the event that a landlord's application lacks the required documents, or there are major errors in the mathematical computations showing the individual rent increases, or there is clear evidence that the increase requested by the landlord is not eligible under the Ordinance, or an improvement was completed more than 12 months before the application is submitted, the application will be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14A)

274.03 If a landlord's application is returned by the Department because of an error or missing documents, the landlord may re-submit the application after correcting or obtaining the necessary documents. (LAMC 151.14 A) For purpose of meeting the time limit stated in RAC regulation 273.02, the Department will use the date on which the initial application was submitted, provided that a revised application is submitted in 60 days.

274.04 Unless suspended as specified below, a decision will be made allowing or disallowing the landlord's request within 45 days from date of receipt of the landlord's application by the Department. (LAMC 151.07 A2c)

274.05 Where the Department initially accepts the application but later finds mathematical errors or incomplete documentation, the application may be suspended for a 30-day period (or longer with the landlord's consent) commencing upon the date of mailing the notification tot he landlord of the documentation and/or the information needed.

274.06 The suspended time is not part of the Department's 45-day review period. If at the end of the suspension period the requested information has not been supplied, a determination shall be made on the basis of the documentation and information already supplied.

274.07 The Department will notify each tenant listed in the landlord's application that the landlord has requested approval to add a rent increase based on seismic rehabilitation work. This notification will include a work description of the seismic work, the cost, and the proposed rent increase. (LAMC 151.07 A2b)

274.08 The tenants will be notified by the Department that they have 10 days from the date of mailing of such notification to object to the rent increase requested by the landlord. (LAMC 151.07 A2b) These objections cannot be made on frivolous grounds or on the basis that the tenants do not want the seismic rehabilitation work. Examples of legitimate objections are: the landlord is attempting to add a rent increase on a unit where the rent cannot be legally raised (see RAC regulations 272.03 and 272.04 above), or the tenant has grounds to believe that the seismic rehabilitation work claimed by the landlord was not actually completed (LAMC 151.07 A2b), or that the 12-month time period for completion of the seismic rehabilitation work has expired and the landlord is no longer eligible to apply for an increase in the rent. (LAMC 151.07 A2c)

274.09 The information provided by the landlord, statements by tenants, and information received from any of the above sources will be used by the Department in determining whether or not to approve the landlord's application. (LAMC 151.07 A2a)

274.10 The documents submitted by the landlord will be examined for accuracy and conformity with industry norms for the type of wok involved or for the prices of equipment purchased by the landlord. If such prices are significantly higher that market prices and industry standards, the staff member has the authority to disapprove the requested rent increase.

274.11 Written tenant responses which have a bearing on the Department's decision, will become part of the public record. All other responses will be sealed and will not be available to other parties.

274.12 The Department staff member handling the application may contact the landlord, the tenants, or any of the contractors or vendors shown on the documents submitted by the landlord.

274.13 The decision will be to approve, disapprove, or modify the landlord's request, consistent with the following:

a. The Department CANNOT approve a rent increase GREATER than the amount the landlord requested;

b. The Department CAN approve a rent increase that is LOWER than the amount the landlord requested due to conditions such as minor mathematical errors in the application, only some of the work being eligible as seismic rehabilitation work, a difference apportioning the cost among the affected apartments;

c. A rent increase on a unit may be modified or denied if the Department determines that the rent on that unit has been illegally increased to reflect the cost of the seismic rehabilitation work for which the rent increase application is submitted. (LAMC 151.07 A1b)

274.14 The landlord and the tenants will be notified by mail immediately after the determination is made. (LAMC 151.07 A2c)

274.15 Upon approval by the Department, the seismic rehabilitation work rent increase can go into effect after compliance with statutory notice requirements regardless of the filing of a request for a hearing. (LAMC 151.07 A3b)

275.00 NOTICE AND RECORD KEEPING REQUIREMENTS

275.01 After receipt of the Department's approval of a seismic rehabilitation work rent increase, the landlord must give each tenant a notice stating the following information before a rent increase can be effective:

a. The amount of the monthly rent increase;

b. The effective date of the commencement of the rent increase;

c. The duration of the rent increase, the date when the rent increase must terminate;

d. That the amount of higher rent now demanded is part of the maximum adjusted rent (and thus subject to the annual automatic increase).

275.02 A copy of this notice must be retained by the landlord as a permanent part of the rental record of the unit. (LAMC 151.05c)

276.00 PROCEDURES TO BE FOLLOWED BY THE LANDLORDS OR TENANTS WHO OBJECT TO THE DEPARTMENTAL DETERMINATION OF A SEISMIC REHABILITATION WORK APPLICATION

276.01 Either the landlord or tenant, possibly both, may object to the decision of the Department by filing a "Request for Hearing" form. They have a right to request a public hearing by a hearing officer if they believe that a) the Department committed an error by failing to apply the regulations properly, b) the Department's determination was an abuse of discretion because it was arbitrary or capricious, or c) there is new evidence to be presented to the hearing officer which would warrant a decision different from that made by the Department. (LAMC 151.07 A3b)

276.02 If a completed "Request for Hearing" form along with the filing fee or the "Fee Exemption" form are received by the Department within 15 days after the date of mailing of the original determination, a hearing will be set by the Department. (LAMC 151.07 A3a)

276.03 The "Request for Hearing" form must state the reason or reasons why the hearing is being requested.

276.04 There is a $35 fee for filing a "Request for Hearing" form. The completed application form and a check or money order payable to "The City of Los Angeles" may be mailed to the address listed on the application. Cash should not be mailed. Low income tenants and landlords can apply for an exemption from the $35 filing fee by filing a completed "Fee Exemption" form which can be obtained from the department. (LAMC 151.14c)

277.00 PROCEDURES FOR THE HEARING

277.01 The hearing will be set for a date no later than 30 days after the application for the hearing is received. (LAMC 151.07 A3c)

277.02 At least ten days before the hearing, the landlord and the tenants will be notified of the time and place of the hearing. (LAMC 151.07 A3c)

277.03 The hearing will be conducted by a hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony, written declarations or other evidence, all of which shall be submitted under oath. If at the hearing the landlord presents documents or information not previously given to the staff for their review or fails to present requested information, the hearing may be continued up to 30 days to provide staff sufficient time to examine the documents and/or information or for the documents to be provided. Any continuation must be within the limits imposed for final action on the appeal unless a waiver of time limits is given by the appellant. The hearing officer should give such material or information consideration in accordance with the circumstance afforded for its verification and/or examination and comments by affected parties. (LAMC 151.07 A3d)

277.04 The hearing officer shall, within 45 days after termination of the time for requesting a hearing, make a determination upholding, reversing, or modifying the determination of the Department. The landlord and tenants shall be notified by mail of the findings and determination of the hearing officer. (LAMC 151.07 A3e, f)

277.05 If the hearing officer's determination is to reverse or modify the original Department determination, the hearing officer shall specifically set forth the reason for such reversal or modification. For example, if evidence is presented that the invoices submitted by the landlord exceed normal industry costs, the hearing officer may disallow or reduce costs which the landlord has claimed, or conversely, the hearing officer may reinstate costs the Department originally disallowed in the initial determination. The maximum rent increase the hearing officer can approve cannot exceed the original amount requested by the landlord. (LAMC 151.07 A3e)

277.06 A rent increase on a unit may be revised or denied if the hearing officer determines that the rent on that unit has been illegally increased to reflect the cost of the seismic rehabilitation work for which the rent increase application is submitted.

278.00 PROCEDURES AFTER APPROVAL OR DISAPPROVAL OF A SEISMIC REHABILITATION WORK APPLICATION HEARING

278.01 Upon approval by the hearing officer, the rent increase can go into effect after compliance with statutory notice requirements.

278.02 If the hearing officer reverses or modifies the original determination, the following conditions prevail:

a. If the rent increase was disallowed by the Department and is now authorized, the rent increase may go into effect after compliance with statutory notice requirements.

b. If a rent increase has been authorized by the Department and this increase is disallowed by the hearing officer, the landlord shall cease collecting the rent increase and must refund to the tenants any previously collected increases, or credit this amount against the tenants' next rent payment.

c. If a rent increase has been authorized by the Department and the increase is reduced by the hearing officer, the landlord shall cease collecting any sums in excess of the amount allowed by the hearing

officer and must refund all excess rent increases collected, if any, or credit the amount against the tenant's next rent payment. (LAMC 151.07 A3b)

278.03 There is no administrative appeal from the decision of the hearing officer in the case of a seismic rehabilitation work rent increase application, except as provided by LAMC 151.14D.

S:\LATEST P.I. Bulletins\RAC Guidelines\RAC 270 Seismic Rehab.wpd (January 20, 2005 - HMV)

RENT Stabilization

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ADDITIONAL TENANTS REGULATIONS
Effective Date - March 15, 1991

310.00 Additional Tenants

310.01 For a rental unit in which an additional tenant joins the occupants of the rental unit resulting in an increase in the number of tenants existing at the inception of the tenancy, the maximum rent or the maximum adjusted rent may be increased by an amount not to exceed 10% for each additional tenant that joins the occupants of a rental unit. (LAMC 151.06G)

310.02 The provisions of this section shall apply only to any additional tenant who first occupies a rental unit after December 8, 1990. (LAMC 151.06G)

310.03 The rent or maximum adjusted rent may not be increased for an additional tenant when the additional tenant is the first minor dependent child of a tenant of record added to an existing tenancy after December 8, 1990. For purposes of this section, multiple births shall be considered as one child. (LAMC 151.06 G) That is, if the first minor dependent added to a tenancy after December 8, 1990 is one of the children of a multiple birth, no rent increase shall be allowed for any of the children of that birth.

However, after the first minor dependent child (or children in the case of a multiple birth) added to a tenancy after December 8, 1990, a rent increase of up to 10% shall be permitted for each additional child.

310.04 For minor dependent children residing in the unit prior to December 8, 1990, for which no increase has been previously imposed, there shall be no allowable increase. (LAMC 151.06 G) If a landlord has given the tenants a 30-day notice of a rent increase for an additional child prior to December 8, 1990, the rent shall be deemed to have been imposed prior to December 8, 1990.

310.05 A minor dependent child shall be defined as a child under the age of 18 who is the natural or adopted child of a tenant of record.

310.06 The rental unit shall not be eligible for a rent increase until an additional tenant shall have maintained residence in the rental unit for 30 days or longer. Persons who visit the occupants of the unit for less than 30 days shall be considered guests. (LAMC 151.06 G)

310.07 If a rent increase of up to 10% for an additional tenant has been legally imposed prior to December 8, 1990, such a rent increase shall remain part of the allowable maximum adjusted rent, unless the additional tenant(s) vacate(s) the rental unit.

310.08 In the event of such a rent increase and subsequent vacating of the premises by the additional tenant and/or tenants, the rent for the unit occupied by the additional tenant(s) shall be reduced by an amount equal to the previous dollar increase, compounded by any annual allowable rent increase(s), following notification in writing by the remaining tenant(s) to the landlord as required by California law. (Civil Code Section 827)

310.09 A landlord may not bring action to recover possession of the rental unit based on the tenant's obligation to limit occupancy if the additional tenant who joins the occupants of the unit is the sole additional adult tenant; or the first dependent child; or the second dependent child, when no additional tenant has been added to the tenancy.

310.10 The landlord shall maintain the right to approve or disapprove a prospective adult tenant, provided that approval is not unreasonably withheld. (LAMC 151.09 A26) In approving an additional tenant, the landlord may consider relevant factors related to the tenants' rental history and ability to meet the monthly rent, including the 10% additional tenant rental surcharge.

310.11 The landlord and tenant may agree to enter into a revised rental agreement to include the additional tenant as a tenant of record. In entering into a revised rental agreement including the additional tenant as a tenant of record, a landlord may apply reasonable standards commonly accepted in screening tenants, such as previous rental history, creditworthiness, and

employment. Unless such a revised rental agreement is executed by the landlord and the tenant(s), the tenant(s) of record shall be deemed to be responsible for payment of all rent due to the landlord, including the 10% additional tenant rent increase.

310.12 Unless a revised rental agreement, wherein the landlord and tenants agree that the additional tenant shall be a tenant of record, is entered into by the landlord and the tenants, the rental unit shall be decontrolled and the rent reset at any level when all of the tenants who were parties to the original rental agreement establishing the tenancy have vacated the rental unit, even if an additional tenant accepted under these regulations remains in the rental unit.

310.13 Under no circumstance shall landlords or tenants be allowed to accept or impose additional tenants in excess of the maximum number of occupants permissible under Sections 91.1207 and 91.1208 of the LAMC.

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ASSESSMENT PASSTHROUGHS
EFFECTIVE DATE 11/17/82

320.00 ASSESSMENT PASSTHROUGH

320.01 The cost of City assessments under the Assessment Act of 1911 may be passed on to the tenants as a permanent rent increase in the same manner as a capital improvement. The cost shall be amortized over five years, divided equally among all the dwellings on the lot(s) assessed. Interest as an eligible cost is regulated by the capital improvement regulations. Records must be kept according to RAC regulation 215.00 ff.

RENT Stabilization

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SEASONAL RENT ADJUSTMENTS (LAMC 151.08B)
EFFECTIVE DATE 11/17/82

330.00 **SEASONAL RENT ADJUSTMENT (LAMC 151.08B)**

330.01 Where a landlord can document, with rent receipts or similar rent records, that the rent on a unit has fluctuated seasonally at the same time each year for two or more consecutive years, the rent on that unit may be raised from an off-season rate to the legal maximum adjusted rent, as defined by LAMC 151.02H. This increase can be imposed only once during the year and must be in the same month as previous seasonal increases. In no case can the seasonal increase exceed the maximum adjusted rent for that unit. An increase pursuant to this regulation shall not constitute a rent increase under LAMC 151.06.

330.02 Where a landlord can document as above that a unit is a seasonal rental, and where the maximum legal rent for that unit under the Rent Moratorium Ordinance No. 151.415 was an off-season rent, then the base maximum rent under the Rent Stabilization Ordinance (LAMC 151.02 I), shall be the the highest legal monthly rent which was in effect on that unit between June 1, 1977 and May 31, 1978. The landlord may apply this new maximum rent base to the unit with any legal adjustment, provided that there has been no increase on this unit since October 1, 1978, by reason of eviction or voluntary vacancy. An increase resulting from such an application of a new maximum rent base shall not constitute a rent increase under LAMC 151.06.

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SURCHARGE FOR SMOKE DETECTORS
EFFECTIVE DATE 11/17/82

340.00 SURCHARGE FOR SMOKE DETECTORS

340.10 DEFINITIONS

340.11 The word surcharge, as used in the Ordinance and these definitions, is a temporary rent increase that must be terminated once the full cost of the purchase and the installation of the detectors has been recovered.

340.12 The phrase Maximum Adjusted Rent is defined in LAMC Section 151.02 H as: The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter, and less any rent reductions required by regulations promulgated by the Commission pursuant to Section 151.08 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after Janaury 1, 1981 and such work was begun prior to June 1, 1982, or for smoke detectors installed on or after January 1, 1981.

340.13 All other words and phrases not defined herein shall be construed as defined in LAMC 12.03 and 151.00 et. seq.

341.00 AUTHORITY FOR DETECTOR REGULATIONS

341.01 Section 151.06.1 of the Los Angeles Municipal Code contains the following provisions covering a surcharge for the installation of smoke detectors:

a. For a rental unit in which the landlord installs smoke detectors pursuant to Los Angeles Municipal Code Section 91.1304 or Section 91.1403 on or after April 16, 1980: The rent may be increased 50 cents ($.50) per month for each battery operated smoke detector installed in the rental unit, or three dollars ($3) per month for each permanently installed smoke detector in the rental unit, or the landlord may apply for a rent adjustment pursuant to Subsection A of LAMC 151.07. This surcharge shall not constitute a rent increase for purposes of LAMC 151.06.

b. This rent surcharge may be collected at the above rate until the actual cost to the landlord of purchase and installation has been recovered. This Subsection shall not apply to a rental unit which becomes eligible for a rent increase pursuant to LAMC 151.06 C subsequent to the installation of the smoke detector. The Commission shall promulgate regulations on what constitutes eligible expenses in computing such actual cost.

c. Within two months after installation, or by May 31, 1981, whichever is later, the landlord must give written notice to the tenant paying the surcharge of the actual purchase and installation costs of the smoke detector and the month and year when said costs will have been completely amortized.

341.02 Pursuant to LAMC 151.06 1B, the Rent Adjustment Commission promulgates the following regulations specifying what constitutes eligible expenses for the purpose of computing the actual cost of installing detectors in rental units on or after April 16, 1980, and other provisions related to the smoke detector surcharge.

342.00 ELIGIBLE COSTS

342.01 The total cost of the detectors, including wiring, junction boxes, electrical moldings, permits required for the installation, and all other materials needed for the installation are eligible costs. Tools and equipment purchased for the purpose of installing smoke detectors but which have a continuing usefulness to the landlord following the installation of the detectors are not eligible expenses.

342.02 The cost of the battery placed in the detector at the time of installation is an eligible cost. However, replacement batteries are not eligible costs.

342.03 The replacement of detectors which prove defective are not eligible costs.

342.04 If a landlord purchases and installs a battery operated detector and subsequently purchases and installs a permanently wired detector, a separate surcharge may be imposed for each installation pursuant to these Regulations. All eligible costs for each installation can be calculated as part of actual costs for the purpose of determining when each surcharge must cease. However, if the landlord receives any compensation for the re-sale or trade-in of the battery operated detectors, such compensation must be deducted from the total cost of the installation.

342.05 Labor costs actually paid to independent contractors for installing detectors are eligible costs, as well as any labor costs actually paid to independent contractors for plastering or painting required as part of the detector installation.

342.06 In the event that some portion of the cost of installing the detectors was self-labor performed by the landlord, the landlord's agent, the manager, any full-time employee of the landlord or any relative of the landlord, the following conditions prevail:

a. If the detector surcharge is added automatically to the rent, no self-labor charge can be made for detector installations.

b. If the landlord applies to the City for a smoke detector surcharge under either the Capital Improvement or Cited Rehabilitation Work Regulations, self-labor may be included or excluded in accordance with provisions contained therein and in effect at the time the application was made.

342.07 The actual cost of plaster and paint used, if required in the installation, is an eligible expense if the material was purchased specifically for the purpose of installing the detectors. However, the landlord may not include as an eligible cost such materials taken from the landlord's "on-hand" maintenance supplies.

343.00 INTEREST AS AN ELIGIBLE COST

343.01 If a landlord applies for a detector surcharge under the provisions of the Capital Improvement or Rehabilitation Work Regulations, the provisions contained therein and in effect at the time the application is made shall determine the eligibility of interest as a cost.

343.02 If a landlord adds an automatic surcharge, the landlord may add an interest charge to the actual cost of materials and labor to compensate the landlord for the use of money in making the installation. The interest charge that may be added to the cost of materials and labor is 19.6%. This is derived from the 12% interest rate used by the Internal Revenue Service in calculating overpayment and underpayment of federal income taxes, computed on a declining balance over a 3-year period with equal monthly payments (the 3-year period represents the amount of time used by the Rent Adjustment Commission for fully amortizing the cost of smoke detectors under the provisions of RAC 340.00 et seq.)

343.03 EXAMPLE of the automatic 19.6% interest charge:

Individual detector cost	$10.00
Labor by a contractor	40.00
Total actual cost	50.00
19.6% interest charge	9.80
Total cost including interest	$59.80

344.00 DETERMINING THE TERMINATION DATE

344.01 If the landlord installed detectors in several buildings, all costs for material, labor, and interest must be accurately allocated to each separately registered building.

344.02 If the landlord installed BATTERY OPERATED detectors, the landlord divides the total cost of material, labor, and interest by the number of detectors installed. This amount is divided by 50¢ to determine how long the surcharge can continue.

344.03 If the landlord installed PERMANENTLY WIRED detectors, the landlord divides the total cost of material, labor, and interest by the number of detectors installed. This amount is divided by $3 to determine how long the surcharge can continue.

344.04 In cases where a landlord installed a mixture of both battery operated and permanently wired detectors, the cost per detector and the number of months the surcharge may continue shall be calculated separately for each type of detector.

344.05 If a landlord first installs a battery operated detector and subsequently installs a permanently wired detector in the same unit, the landlord must calculate the cost of each installation separately and determine the number of months the 50¢ charge may remain in effect as well as the number of months the $3 charge may remain in effect, deducting there from any amounts received from the re-sale of the old detectors pursuant to RAC 342.04.

344.06 When calculating the number of months the surcharge may continue, if the result is a whole number plus a fraction, then the landlord shall round-off to the nearest whole number of months (less than .50 to the lower whole number; .50 or more to the next higher whole number).

344.07 EXAMPLE of calculating the termination date rounding up (with, for example battery operated detectors):

Cost of 50 detectors	$ 500.00
Labor (by manager)	$1,650.00
TOTAL labor plus material	$2,150.00
19.6% interest	$ 421.40
TOTAL ELIGIBLE COST	$2,571.40

Divide $2,571.40 by 50 detectors = 51.43 per detector
Divide $51.43 by $3 = 17.143 months

Since 17.143 has a fraction below .50, the surcharge may remain in effect for 17 months.

345.00 NOTIFICATION TO THE TENANTS

345.01 As required in LAMC 151.06 1 C, the landlord must notify the tenant within two months after installation, or by May 31, 1981, whichever is later, of the actual purchase and installation cost and the month and year when said cost will have been completely amortized.

345.02 The landlord must provide in said notice the actual total cost of purchasing and installing each detector in a tenant's unit. The formula for determining this amount is found in RAC 342.00 to 344.08 above.

345.03 The landlord must also indicate the total number of months the surcharge will be in effect, the month and the year the surcharge will cease.

345.04 EXAMPLE OF A NOTIFICATION TO TENANTS:

"DATE"

Pursuant to section 151.06.1 of the Los Angeles Municipal Code, the following indicates the costs of installing smoke detectors in your unit.

Materials	$ 500.00
Labor	1,650.00
Authorized interest charge @19.6%	421.40
Total cost	$2,571.40

Number of detectors installed in building	50
Cost per detector	$ 51.43
$51.43 divided by $3	17 months
Surcharge began	November 1,1980
Surcharge will cease	March 1, 1982

345.05 Landlords who install detectors on or after the effective date of these regulations shall make available to the tenants, upon request, copies of all documents showing actual costs as well as the mathematical calculations by which the landlord determined the cost per detector.

345.06 Landlords who installed detectors between April 16, 1980 and the effective date of these regulations shall make available to tenants, upon request, copies of all available documents used in determining actual costs as well as the mathematical calculations by which the landlord determined the cost per detector. In cases where the landlord is not able at this time to document fully all such costs, the landlord should be prepared to explain to tenants why

such documentation is unavailable.

345.07 The Commission cautions landlords that failure to provide to tenants the notice of the actual cost of the installation with the termination date of the surcharge and/or failure to terminate the surcharge on the date given in the notice after actual cost has been recovered are misdemeanors under LAMC 151.10 and tenants have a right to file a criminal complaint with the City.

346.00 SUPPLEMENTAL NOTICES TO TENANTS

346.01 Landlords who provided a notice to tenants as required in LAMC 151.06 1 before the issuance of these regulations may send a supplemental notice if any regulation extends the number of months the detector surcharge may stay in effect.

346.02 Landlords must send a supplemental notice to tenants if any regulation contained herein shortens the number of months the surcharge may stay in effect.

346.03 Landlords who increased rents under the automatic 50¢ and $3 monthly increases are not thereby prevented from subsequently applying under either the Capital Improvement or Cited Rehabilitation Work Regulations where eligible costs differ from those allowed under the automatic provisions. However, in such circumstances, the surcharge cannot exceed the 50¢ or $3 per month surcharge previously permitted. The length of time the surcharge remains in effect may be changed. In such cases, the landlord must provide each tenant with a revised notice of the termination at the time the Department approves the landlord's Capital Improvement or Cited Rehabilitation Work application.

346.04 If a landlord purchases and installs a battery operated detector and subsequently purchases and installs a permanently wired detector, a supplemental notice must be given to the tenant within two months after installation of the permanently wired detector of the actual purchase and installation cost and the month and year when said cost will have been completely amortized, as required in LAMC 151.06 1 C.

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RE-RENTAL AFTER MAJOR REHABILITATION EVICTIONS REGULATIONS EFFECTIVE 12/29/89

350.00 RE-RENTAL AFTER MAJOR REHABILITATION REGULATIONS

350.01 POLICY STATEMENT (cf. RAC REGULATION 101.00)

351.00 ELIGIBILITY REQUIREMENTS FOR RE-RENTAL CERTIFICATE AFTER MAJOR REHABILITATION EVICTION

351.01 DEFINITIONS:

a. Major rehabilitation as defined in the Ordinance is: "work on the building or buildings housing the rental unit or units, and;

(i) such work costs not less than the product of $10,000 times the number of rental units to receive such work, and

(ii) the primary work costs not less than the product of $9,000 times the number of rental units to receive such work, and

(iii) the primary work necessitates the eviction of the tenant because such work will render the rental unit uninhabitable for a period of not less than forty-five (45) calendar days, except that if the landlord seeks to recover possession for the purpose of converting the rental unit into a condominium, cooperative, or community apartment, the landlord must have complied with the notice requirements of Government Code Section 66427.1." (LAMC 151.09A9)

b. The word "City" used in these regulations shall refer to the City of Los Angeles.

c. The word "Department" used in these regulations shall refer to that City Department designated in Section 151.02 of the Los Angeles Municipal Code.

d. The word "hearing officers" used in these regulations shall refer to those hearing officers designated in Section 151.07 of the Los Angeles Municipal Code.

e. The word "Commission" used in these regulations shall refer to the Rent Adjustment Commission designated in Sections 151.02, 151.07, and 151.08 of the Los Angeles Municipal Code.

f. The Maximum Adjusted Rent as defined in the Rent Stabilization Ordinance is: "The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter, and less any rent reductions required by regulations promulgated by the Commission pursuant to Section 151.08 of this Chapter or imposed pursuant to Section 151.06.5 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include, (1) any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after January 1, 1981 and such work was begun prior to June 1, 1982, or (2) any increase for capital improvement work where the application for rent increase is filed with the Department on or after October 1, 1989, or, (3) any increase for smoke detectors installed on or after January 1, 1981." (LAMC 151.02H)

g. The Maximum Rent as defined in the Ordinance is: "The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April, 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate of rent in effect between October 1, 1978 and March 31, 1979. If a rental unit was not rented during this period, then it shall be the rent legally in effect at the time the rental unit was or is first rented after the effective date of this Chapter." (LAMC 151.02 I)

h. The term "Common Areas" is defined as those areas in or on the building to which no single tenant has exclusive possession; thus, areas such as hallways, external stairwells and stairways are common areas.

i. The phrase "work begun" as used in these regulations refers to that date on which the first physical work is done in a unit or common area for which an application for a re-rental certificate after major rehabilitation work is made. A landlord may be requested to furnish proof of the date work was begun on each major rehabilitation work item listed in a landlord's application for re-rental after major rehabilitation work.

j. The words "approved by the Department" and any other equivalent phrase used in these regulations shall refer to notification by the Department by letter, form, or other document that a landlord's application for re-rental after major rehabilitation work has been approved. The effective date of approval shall be that date typed, stamped, or written on the approval notice. If an approval notice carries no date, the effective date shall be the date postmarked on the envelope in which the approval notice was mailed. In the absence of a date on either the notice and/or the envelope in which the notice was mailed, the approval date shall be that date indicated in the records of the Department showing that an application was approved. In the event that a Departmental approval is appealed and affirmed by a hearing officer, the date of initial approval shall govern. In the event that an application is denied by the Department and approved by a hearing officer after a hearing, the date of approval shall be the date of the hearing officer's determination.

k. The phrase "completion of work" as used in LAMC 151.09 and these regulations, or other words in the Ordinance or these regulations, shall refer to the last date on which any physical work took place. This date may be verified by contact with the vendors or contractors by the Department, or by other forms of written documentation, such as invoices or dates of cancelled checks. The burden of proof shall be on the landlord to establish the date of the completion of the work. (LAMC 151.07.A2a)

For major rehabilitation work which requires a permit from the Department of Building and Safety, the date of completion as certified by the Department of Building and Safety's inspector may serve as an acceptable date for determining the completion of work provided that the building permit was issued prior to commencing the work and no other method of verifying the completion date of the work is available.

l. The term "Declaration of Intent to Evict Based on Major Rehabilitation Work" shall refer to the notice of the landlord's intention to evict based on major rehabilitation work filed with the Department and presented to affected tenants. This notice shall be on the form prescribed by the

Department and shall be completed prior to commencing any work on the building or affected units. (LAMC 151.09C3)

m. The words "primary work" as defined in the Ordinance is "work which is of a structural, electrical, plumbing, or mechanical nature for which a permit is required under the Los Angeles Municipal Code." (LAMC 151.02)

n. The words "collateral work" as defined in the Ordinance is "work of a non-structural, mechanical, electrical, or plumbing nature other than primary work. Collateral work includes, but is not limited to:

1. Carpeting, rugs, and other floor coverings;

2. Linoleum, tile or other flooring materials affixed to or laid upon existing subflooring;

3. Drapes, blinds, mini-blinds, shutters, and other window decorations or coverings;

4. Mirrors;

5. Replacement plumbing or electrical fixtures not installed as part of primary work;

6. Appliances not requiring a permit from the Department of Building and Safety to be installed, including but not limited to, refrigerators, window air conditioners, replacement garbage disposals, replacement dishwashers, or ceiling fans;

7. Cabinets;

8. Paint, tile, wall paper, paneling or other wall coverings when applied to existing wall structures."

o. The words "uninhabitable for 45 calendar days or more" shall be defined as the non-provision of gas, water service, electricity and plumbing as a result of the rehabilitation work. For purposes of meeting the 45-calendar-day or more requirement for uninhabitability, the landlord shall furnish proof to the Department that one or more of the above listed services was not provided continuously to the unit or units for which he is applying for a period of 45 calendar days or more and shall demonstrate that these services could not have been provided because of the rehabilitation work.

p. The words "re-rental certificate" refers to the document issued by the Department to the landlord when the work for which he is applying meets all the requirements of the Ordinance and the Commission's regulations for major rehabilitation work. Any re-rental certificate granted by the Department shall be effective only for the first re-rental following the eviction or termination of tenancy based on the grounds described in Section 151.09 A9.

q. The term "Documented time cards" shall refer to the record of an employee which lists the date, hours worked, the job performed, and the rate of pay. All documented time cards shall be signed by the employee(s).

r. The words "preceding tenant" as defined in the Ordinance is the tenant who vacated the rental unit as the result of an eviction or termination of tenancy pursuant to Section 151.09A9.

s. All other words and phrases not defined herein shall be construed as defined in Section 12.03 and 151.00 et seq. of the Los Angeles Municipal Code.

351.02 In addition to those items listed in the Ordinance, similar items shall be allowable for major rehabilitation work which conforms to the following principles:

a. The major rehabilitation work shall primarily benefit the tenant rather than the landlord. For example: the remodeling of the unit would be eligible as major rehabilitation work while the remodeling of a rental office would not be eligible.

b. Ancillary work which is required as a direct result of primary work shall be considered part of the primary work. For example, the replacement of linoleum shall be considered part of the primary work when the subflooring is primary work.

c. Equipment, the cost of which is eligible as major rehabilitation work, shall be permanently fixed in place or relatively immobile. For example, sinks, bathtubs, stoves, refrigerators, and kitchen cabinets are examples of items eligible to be included in major rehabilitation work, but hotplates, toasters, throw rugs and hibachis would not be eligible.

d. Normal routine maintenance of the rental unit and the building is not eligible. For example, fumigation of the building is not major rehabilitation work, while the replacement of walls would be eligible.

e. In establishing the cost of major rehabilitation work, the landlord shall present evidence of the actual cost of the work. The landlord may not transfer the landlord's personal appliances, furniture, etc., or those inherited or borrowed from friends and arbitrarily establish a value to be included in the cost of major rehabilitation work.

f. Major rehabilitation work otherwise eligible is not eligible if the landlord charges a "user fee" to the tenants. For example, the installation of new or replacement of existing coin-operated washers and dryers are not items allowed under major rehabilitation work, and the cost for such items should not be included in the application for a re-rental certificate after major rehabilitation work.

351.03 No tentative approval can be given prior to the Department's determination on the landlord's application.

351.04 The eligibility of any particular work included in the landlord's application for a re-rental certificate shall be determined by the Department. (LAMC 151.07 A1)

351.05 Common area costs within the building that are related to the major rehabilitation work made within the unit are eligible costs and may be used in calculating the unit cost for major rehabilitation work. These include, but are not restricted to, structural improvements, or new pipes or wiring for the entire building. (LAMC 151.09C3)

351.06 Common area costs for major rehabilitation work which are not within the building or not related to the major rehabilitation work made within the unit are not eligible costs for calculating the unit cost for major rehabilitation work. Such ineligible costs include, but are not limited to, swimming pools, saunas, hot tubs, jacuzzis, parking lots, and sidewalks.

351.07 If the major rehabilitation work benefits one or more but not all of the units, costs associated with that work shall be apportioned to only those units benefitting. However, major rehabilitation work in common areas or structural improvements which benefit all units in a building shall be apportioned equally to all units. For example, if sinks were installed in only two units, the amount associated with the purchase and installation of the sinks shall be used to reach the requisite amounts only for those two units, while the cost of replacement of hot and cold water pipes in the building shall be apportioned to all units in the building equally. (LAMC 151.09C3)

351.08 Units which are exempt from the Rent Stabilization Ordinance (because they are luxury units, or occupied by the owner or by members of the owner's

immediate family, etc.) shall be included in determining the proportionate cost to be distributed to the units. For example, if 8 units in a 10 unit building are registered and subject to the Ordinance, any costs associated with the roof would have to be divided by 10, not 8, in determining the requisite amounts for a major rehabilitation work re-rental certificate. (LAMC 151.09C3)

351.09 The costs of major rehabilitation work for which a landlord has previously applied for and received approval for a rent increase under the Commission's capital improvement or cited rehabilitation work regulations may not be included as part of the cost for major rehabilitation work.

351.10 Labor costs shall be calculated on the basis of actual costs of contractors or hired laborers. Cancelled checks, receipts, social security payments, and W-2 forms are among the types of evidence that shall be required to substantiate labor costs.

351.11 **a.** If labor for work which requires a permit under the Los Angeles Municipal Code is provided by the landlord, the landlord's family, or the landlord's agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing shall be included with the application. In addition, the landlord shall submit a minimum of two estimates or bids by non-related licensed contractors specifying both material and labor costs. Labor costs on these bids shall be identified by the type of labor performed, the number of hours to perform the work, and the rate paid for the work.

Documented time cards shall be submitted for all work performed by the landlord, family member, agent, or employee.

b. If labor for work which does not require a permit under the Los Angeles Municipal Code, nor the services of a state licensed contractor, is provided by the landlord, the landlord's family member, or landlord's agent or employee, such labor costs are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employee. Documented time cards shall specify the number of hours spent on each task and identify the specific building or unit on which the work was performed.

In addition, for work costing over $200.00, the landlord shall submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

351.12 Interest on money borrowed or otherwise furnished to pay for major

rehabilitation work is not eligible as a cost to be included in calculating the prescribed amount.

351.13 The cost of relocation assistance shall not be eligible to be included in the cost of major rehabilitation work.

351.14 The Ordinance does not require a landlord to obtain approval by the tenants before performing major rehabilitation work.

352.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS IN APPLYING TO THE DEPARTMENT FOR A "RE-RENTAL CERTIFICATE AFTER MAJOR REHABILITATION WORK".

352.01 Landlords shall file a "Declaration of Intent To Evict Based On Major Rehabilitation Work" with the Department prior to beginning any work on the unit(s). (LAMC 151.09I2)

352.02 Landlords who evict to perform major rehabilitation work and thereafter re-rent the unit at an increased rental shall retain all estimates, invoices, cancelled checks, receipts, correspondence, and any and all information related to the cost of the work in order to be able to substantiate the exact amount spent as well as the length of time the unit is uninhabitable because of the major rehabilitation work. (LAMC 151.09A)

352.03 The landlord shall file with the Department a "Declaration of Re-Rental" on the form prescribed by the Department. This Declaration is required irrespective of whether the landlord is seeking a Re-rental Certificate pursuant to LAMC 151.09 A9. A "Declaration of Re-Rental" shall be made to the Department within 10 calendar days of re-rental of the unit. (LAMC 151.09I1)

352.04 In completing the "Declaration of Re-Rental" the landlord shall indicate the date each major rehabilitation work item was begun, the date each major rehabilitation work item was completed, the length of time that the work caused the unit to be uninhabitable, and an explanation as to why the work caused the unit to be uninhabitable. (LAMC 151.09I2)

352.05 Before a landlord may submit a "Declaration of Re-Rental" for a re-rental certificate after major rehabilitation work, all work which will be the basis of the application shall have been completed. (LAMC 151.09 Ala).

352.06 An application for Re-Rental Certificate following major rehabilitation work shall be filed within thirty (30) calendar days of re-rental of the unit. If the landlord fails to apply within 30 calendar days of re-rental of the unit, the

landlord shall demonstrate to the satisfaction of the Department that good

cause exists for such late filing. (LAMC 151.07A7b)

352.07 Good cause shall exist if the landlord can demonstrate to the Department that:

a. illness and/or death of the person(s) responsible for filing the application has occurred; or

b. the application was mailed in a timely manner, as verified by a certified mail receipt; or

c. the ownership of the building has changed. The new owner is allowed 45 calendar days during which to apply. Escrow papers shall be furnished to the Department to document new ownership. (LAMC 151.07A7b)

352.08 The landlord may obtain written permission by completing an application and mailing it to the City at the address listed on the application. The application form is titled "DECLARATION OF RERENTAL AND APPLICATION FORM, RERENTAL CERTIFICATE AFTER MAJOR REHABILITATION WORK." (LAMC 151.07A2a)

352.09 There is a $25.00 filing fee for an application for a re-rental certificate after major rehabilitation work. The cost shall not be included in reaching the requisite amount for this work prescribed in the Ordinance or the Commission's regulations.

352.10 The application form can be obtained from the Los Angeles Housing Department Public Counters, at the addresses on page one of this handout.

352.11 The landlord or the landlord's agent shall complete and sign the application and attest to the truthfulness of all information supplied by the landlord.

352.12 In no event shall a re-rental certificate be issued until the landlord has registered the units as required by law. The landlord shall attach to the application a photocopy of the landlord's Registration Certificate issued by the City or a photocopy of the cancelled check or a receipt from the City showing that the registration fee required by LAMC 151.05 A has been paid.

352.13 Photocopies of all pertinent information possessed by the landlord shall be attached to the landlord's application. In addition, the landlord shall attach photocopies of all invoices, bids, building permits, citations, final inspection record cards, financial documents, cancelled checks, and any other relevant papers. These might include, but are not limited to, for example, estimates

of costs by various contractors contacted by the landlord, bids by competing contractors, and cost comparisons submitted by various vendors on equipment and supplies used in the major rehabilitation work. Bids, estimates, and invoices shall be broken down to show each item of work to be done. Composite bids, etc. which fail to detail the specific work items requested in the application, shall not be accepted.

Materials attached to the application will not be returned to the landlord. Where a photocopy is submitted, the landlord shall, upon request by the Department, show to the Department or a hearing officer the original document from which the photocopy was made. The landlord may submit photographs, if such exist, of the property prior to the commencement of the major rehabilitation work and photographs showing the completed work, which may assist the Department in evaluating the landlord's application.

352.14 For major rehabilitation work which requires a permit from the Department of Building and Safety, the landlord shall submit a photocopy of the necessary permit(s) and final inspection record card(s) with the application for a re-rental certificate after major rehabilitation work.

352.15 The landlord, in completing the application, shall list the name and mailing address of the tenant(s) currently occupying the unit(s) and the name(s) and current mailing address(es) of the preceding tenant(s) who occupied the unit immediately prior to the start of the major rehabilitation work. The landlord shall indicate the rent on the unit which the preceding tenant was charged and the current tenant is charged. This rent shall be documented by journal entries, rent receipts, rental agreements, or other forms of documentation provided by the landlord. (LAMC 151.09I2)

353.00 RENT INCREASE PERMITTED

353.01 If the dollar amounts for the primary and collateral work reach the levels required stated by the Ordinance and it is demonstrated that the unit is uninhabitable for 45 calendar days or more (LAMC 151.09.A and 151.06.C), the unit may be re-rented for any amount. (LAMC 151.07A7e)

353.02 If a landlord's expenses for a unit did not reach the minimum limits set for eviction under LAMC 151.09.A9, or the work did not require the unit to be uninhabitable for 45 calendar days, the unit shall be re-rented at the same rent paid by the preceding tenant plus any allowable increases. (LAMC 151.07A7e)

353.03 A landlord who has increased the maximum rent or the maximum adjusted rent of four (4) or more rental units subsequent to an eviction based on major rehabilitation work pursuant to LAMC 151.06C within a two-year period shall

maintain at least twenty-five (25) percent of the rehabilitated rental units at the prior rent level(s) plus allowable annual increase(s) for a period of thirty (30) years.

If the landlord has increased the maximum rent or maximum adjusted rent of four (4) or more rental units subsequent to an eviction based on major rehabilitation work pursuant to LAMC 151.06C within a two (2) year period and has failed to maintain at least twenty five (25) percent of the rehabilitated rental units at the prior rent level plus allowable annual increases for a period of thirty (30) years, then the unit shall be re-rented at the same rate paid by the preceding tenant. These rehabilitated units shall be offered by right of first refusal to the preceding tenants in order of longest tenure. (LAMC 151.07A7d2)

354.00 PREVIOUS TENANT'S RIGHT OF FIRST REFUSAL

354.01 In either situation specified in regulation 353.01 or 353.02, above, if, after eviction, the preceding tenant has notified the landlord of his or her new address, the landlord shall offer the preceding tenant the right to rent the same unit before placing the unit on the market. (LAMC 151.09K)

354.02 The landlord shall provide documentation to the Department in the form of a copy of a certified mail receipt which shall indicate that he has offered the unit to the preceding tenant after performing the major rehabilitation work.

354.03 The renewal offer shall be on the same terms and conditions as the prior rental agreement, except that the amount of the maximum rent or maximum adjusted rent may in good faith be increased to any amount, subject to the requirements of Section 151.07A7. (LAMC 151.09K)

354.04 The offer shall be sent by certified mail to the tenant at the address given to the landlord and describe the terms and conditions of the offer. (LAMC 151.09K)

354.05 The tenant shall have thirty (30) calendar days from the date of mailing, or the date that the rental unit first becomes available, whichever is later, to accept the offer either by personal delivery or by certified mail. (LAMC 151.09k)

355.00 PROCEDURES THAT SHALL BE USED BY THE DEPARTMENT IN PROCESSING RE-RENTAL AFTER MAJOR REHABILITATION WORK CERTIFICATES

355.01 The Departmental staff officer handling the application shall review the

documents submitted by the landlord to determine if the landlord's request for a re-rental certificate meets all the requirements of the Ordinance and the Commission's regulations. (LAMC 151.07 A7d)

355.02 In the event that a landlord's application lacks the required documentation, or there are major errors in the mathematical computations for the average per unit cost of the major rehabilitation work, or there is clear evidence that the major rehabilitation work is not eligible under the Ordinance, the application shall be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14 A)

355.03 If a landlord's application is returned by the Department because of an error or missing documents, the landlord may re-submit the application after correcting the error or obtaining the necessary documents. (LAMC 151.14A). For purposes of meeting the time limit stated in RAC regulation 352.06, the Department shall use the date the original application was submitted, provided that the revised application is submitted within 60 calendar days.

355.04 Unless suspended as specified below, a decision shall be made allowing or disallowing the landlord's request within 45 calendar days from date of receipt of the landlord's application by the Department. (LAMC 151.09)

355.05 Where the Department initially accepts the application but later finds mathematical errors or incomplete documentation, the application may be suspended for a 90-day period commencing upon the date of mailing the notification to the landlord of the documentation and/or the information **needed. (LAMC 151.07 A7d)**

355.06 The suspended time is not part of the Department's 45-day review period. If, at the end of the suspension period, the requested information has not been supplied, a determination shall be made on the basis of the documentation and information already supplied.

355.07 The Department shall notify each tenant listed in the landlord's application that the landlord has requested a re-rental certificate based on major rehabilitation work. This notification shall include a copy of the application. (LAMC 151.07 A7c)

355.08 Within 10 calendar days of the receipt of a landlord's application for a re-rental certificate, a copy of the landlord's application shall be sent to the current tenant(s), if any, and to the tenant(s) who occupied the unit immediately prior to the rehabilitation work, along with a notice stating the tenants' right to object in writing and/or to be heard before the Department issues a re-rental certificate. (LAMC 151.07 A7c) Tenants shall be requested to submit any evidence indicating that the unit fails to meet the requirements of the Ordinance and these Regulations for major rehabilitation work.

Examples of evidence that tenants might submit include, but are not limited to: evidence that the amount claimed to be spent by the landlord on the rehabilitation work does not meet the requirements set by the Ordinance, or that the unit was not uninhabitable for 45 calendar days or more.

355.09 The documents submitted by the landlord shall be examined for accuracy and conformity with industry norms for the type of work involved or for the prices of equipment purchased by the landlord. If such prices are significantly higher than market prices and industry standards, the Department has the authority to disapprove the request for a re-rental certificate.

355.10 Written tenant responses which have a bearing on the Department's decision shall become part of the public record. All other responses shall be sealed and shall not be available to other parties.

355.11 The Departmental staff member handling the application may contact the landlord, the tenants, or any of the contractors or vendors involved in the work.

355.12 The information provided by the landlord, statements by tenants, and information received from any of the above sources shall be used by the Department in determining whether or not to approve the landlord's application. (LAMC 151.09)

355.13 The Department shall deny the application if the Department is unable to complete its review within ninety (90) calendar days from the date of notice to the applicant of an incomplete application and the review is unable to be completed due to failure on the part of the landlord to provide all the information requested in its notice(s). (LAMC 151.07 A7d)

355.14 The Department shall deny any application if the landlord has increased the maximum rent or the maximum adjusted rent of a rental unit to four (4) or more rental units subsequent to an eviction based on major rehabilitation work within a two (2) year period and failed to maintain at least twenty-five (25) percent of the rehabilitated units at the prior rent level plus allowable annual increases for a period of thirty (30) years. (LAMC 151.07 A7d2)

355.15 The landlord shall provide annually, on the form prescribed by the Department, the rental unit numbers and the current rent of those rental units which shall be or have been rented at the prior rent levels plus allowable annual rent increases. This form shall be provided to the Department for a period of thirty years. The landlord shall attach documentation or other evidence which indicates the current rent levels for those units. This documentation may be rent journals, receipts, rental agreements, or other

forms of documentation which sets forth the current rent charged for the rental unit.

355.16 The Department shall approve the application for a re-rental certificate if all of the following conditions exist:

a. the dollar amounts for the primary and collateral work reach the required levels stated in the Ordinance;

b. it is demonstrated that the rental unit is uninhabitable for forty-five calendar days or more; and

c. it has been demonstrated to the satisifaction of the Department that if the landlord has increased the maximum rent or maximum adjusted rent of four (4) or more rental units subsequent to an eviction based on major rehabilitation work within a two (2) year period, at least twenty-five (25) per cent of rehabilitated units have been maintained at the prior rent levels plus allowable annual rent increases.

355.17 Following an evaluation pursuant to RAC Regulations 350.00 et seq., the Department shall approve, disapprove, or modify the application. Notice of approval, disapproval or modification shall be provided in writing to the landlord with copies to affected tenants. (LAMC 151.07 A7d)

a. The Department may approve the landlord's application and grant a re-rental certificate which covers all units for which the landlord has applied.

b. The Department may modify the landlord's application and grant a re-rental certificate which covers some of the units for which the landlord has applied.

c. The Department may deny the landlord's application and not grant a re-rental certificate.

d. If the Department modifies or denies the re-rental certificate based on the requirements of Section 151.09A9 of the Ordinance, then the Department shall subsequently consider the application as an application for a rent adjustment pursuant to LAMC 151.07 A1, provided that the landlord has otherwise complied with these procedures. (LAMC 151.07 A7f)

356.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS OR TENANTS WHO OBJECT TO THE DEPARTMENTAL DETERMINATION OF AN

APPLICATION FOR RE-RENTAL AFTER MAJOR REHABILITATION WORK CERTIFICATE

356.01 Either landlord or tenants, or possibly both, may object to the decision of the Department by filing a "Request For Hearing" form. They have a right to request a public hearing by a hearing officer if they believe that a) the Department committed an error by failing to apply the regulations properly, b) the Department's determination was an abuse of discretion because it was arbitrary or capricious, or c) there is new evidence to be presented to the hearing officer which would warrant a decision different from that made by the Department. (LAMC 151.07 A7g)

356.02 Within 15 calendar days following the mailing of such notice, either landlord or tenant(s) may appeal the Department's decision by filing a request for hearing on a form prescribed by the Department. Such notice shall state the basis for appealing the decision. The Department shall schedule a hearing no later than 30 calendar days following submittal of the request for the hearing. (LAMC 151.07A 7g)

356.03 If a complete "Request for Hearing" form along with the filing fee or the "Fee Exemption" form are received by the Department within 15 calendar days after the date of mailing of the original determination, a hearing shall be set by the Department. (LAMC 151.07 A3a)

356.04 The "Request for Hearing" form shall state the reason or reasons why the hearing is being requested.

356.05 There is a $35.00 fee for filing a "Request For Hearing" form. The completed application form and a check or money order payable to "The City of Los Angeles" may be mailed to the address listed on the application. Cash should not be mailed. Low income tenants and landlords can apply for an exemption from the $35.00 filing fee by filing a completed "Fee Exemption" form which can be obtained from the Department. (LAMC 151.14 C)

357.00 PROCEDURES FOR THE HEARING

357.01 The hearing shall be set for a date no later than 30 calendar days after the application for the hearing is received. (LAMC 151.07 A3c)

357.02 At least ten calendar days before the hearing, the landlord and the tenants shall be notified of the date, time and place of the hearing. (LAMC 151.07 A3c)

357.03 The hearing shall be conducted by a hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony,

written declarations or other evidence, all of which shall be submitted under oath. (LAMC 151.07 A3d)

357.04 The hearing officer may jointly consider whether the landlord is entitled to a re-rental certificate or a rent adjustment pursuant to LAMC 151.07 A1 if the re-rental certificate is denied.

357.05 The hearing officer shall, within 45 calendar days after termination of the time for requesting a hearing, make a determination upholding, reversing, or modifying the determination of the Department. The landlord and tenants shall be notified by mail of the findings and determination of the hearing officer. (LAMC 151.07 A3e, f)

357.06 If the hearing officer's determination is to reverse the original Department determination, the hearing officer shall specifically set forth the reasons for such reversal. For example, if evidence is presented that the invoices submitted by the landlord exceed normal industry costs, the hearing officer may disallow costs which the landlord has claimed, or conversely, the hearing officer may reinstate costs the Department had originally disallowed in the initial determination.

357.07 If the hearing officer determines, based on clear and convincing evidence, that the applicant has willfully or knowingly with the intent to deceive, made or caused to be made a false statement or representation, or knowingly failed to disclose a material fact, in connection with any application under consideration by the hearing officer, then the hearing officer may deny the application. Any determination by the hearing officer based on this regulation shall be appealable to the Rent Adjustment Commission. (LAMC 151.14D)

357.08 The rent may be reduced to the previous tenant's maximum adjusted rent if the hearing officer determines that the work failed to meet the requirements of the Ordinance and Regulations.

358.00 PROCEDURES AFTER FINAL APPROVAL OR DISAPPROVAL OF AN APPLICATION FOR A RE-RENTAL AFTER MAJOR REHABILITATION WORK CERTIFICATE

358.01 If no objection is received by the Department within 15 calendar days of notice of approval of the application, a re-rental certificate shall be issued. This re-rental certificate shall be effective only for the first re-rental following the eviction or termination of tenancy based on major rehabilitation work. (LAMC 151.07 A7a)

358.02 If the Department disapproves any rental unit listed in the application for a re-rental after major rehabilitation work certificate and the Department's decision

is not appealed or an appeal of the Department's determination is not granted by a hearing officer, then:

a. The landlord shall be notified of the obligation to register the unit and pay any past registration fees and penalties.

b. The landlord shall be notified of the legal obligation to determine the maximum adjusted rent permitted for the units subject to the Ordinance. A copy of this notice shallt be sent to the current tenant of the unit.

c. The landlord may apply for a rent increase under the capital improvement or rehabilitation work provisions of the Ordinance and the Commission's regulations if the application for re-rental certificate is denied on grounds other than those listed in Section 151.09A9 of the Ordinance.

358.03 In the event that a re-rental certificate is not granted, and the landlord has collected rent higher than that permitted for a rental unit subject to the Ordinance, the landlord shall refund or credit to all affected tenant(s) all amounts paid in excess of the legal rent. (LAMC 151.07 A7e)

358.04 If the landlord fails to return such amounts in excess of the legal rent within 30 calendar days, tenants may file a criminal complaint with the Department and/or avail themselves of the civil remedies provided under LAMC 151.10.A.

358.05 There is no administrative appeal from the decision of the hearing officer except as provided in RAC Regulation 357.07.

359.00 NOTICE AND RECORD KEEPING REQUIREMENTS

359.01 The original of this re-rental after major rehabilitation work certificate shall be retained by the landlord as a permanent part of the rental record of the unit. (LAMC 151.05 C)

359.02 A copy of this certificate shall be provided to all tenants including preceding tenants.

(S:\LATESTP.I. BULLETINS\RAC\ 350- #17-Re-rental after Major Rehab - January 20, 2005 - HMV)

RENT Stabilization

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES M. MÁRQUEZ, GENERAL MANAGER

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LANDLORD NOTIFICATION OF TENANTS OF THE ANNUAL AUTOMATIC RENT INCREASE PERCENTAGE AND THE EFFECTIVE DATES FOR THIS INCREASE
Effective January 1, 1986

360.00 LANDLORD NOTIFICATION OF TENANTS OF THE ANNUAL AUTOMATIC RENT INCREASE PERCENTAGE AND THE EFFECTIVE DATES FOR THIS INCREASE

360.01 DEFINITIONS

A. NOTIFICATION OF TENANTS OF THE PERCENTAGE INCREASE PERMITTED BY THE ANNUAL AUTOMATIC INCREASE AND THE EFFECTIVE DATES OF THIS INCREASE

Notification of tenants of the reason for any change in the Maximum Rent is contained in LAMC 151.05 C: “The landlord shall maintain records setting forth the maximum rent for each rental unit. Each landlord who demands or accepts a higher rent than said maximum rent shall inform the tenant or any prospective tenant of the rental unit in writing of the factual justification for the difference between said maximum rent and the rent which the landlord is currently charging or proposes to charge.”

B. MAXIMUM RENT:

Maximum Rent is defined in LAMC 151.02 I: “The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate of rent effective between October 1, 1978 and March 31, 1979.”

If a rental unit was not rented during this period, then it shall be the rent legally in effect at the time the rental unit was or is first rerented after the effective date of this Chapter."

C. OBLIGATION TO PROVIDE TENANTS WITH A COPY OF THE ANNUAL REGISTRATION CERTIFICATE

The requirement for landlords to provide each tenant a copy of the annual registration certificate is contained in LAMC 151.05 A: "On and after July 1979, no landlord shall demand or accept rent for a rental unit without first procuring and serving on the tenant or displaying in a conspicuous place a valid written registration statement from the Department or its designee. On or after April 30, 1983, no landlord shall demand or accept rent for a rental unit without first serving a copy of a valid registration or annual registration renewal statement on the tenant of that rental unit."

360.02 INCLUSION OF ANNUAL RENT INCREASE INFORMATION ON THE DEPARTMENT-ISSUED RENT REGISTRATION CERTIFICATE

360.03 Starting not later than January 1, 1987, the Department shall provide with the annual rent registration certificate given to landlords who register rental property subject to the Rent Stabilization Ordinance printed information that the landlord must provide to each tenant so that the tenant will be made aware of the annual automatic rent increase percentage authorized for that calendar year, and the effective dates for the increase.

360.04 As required by LAMC 151.05 A, no landlord shall demand or accept rent without first giving each tenant a copy of the rent registration certificate containing the printed explanation of the annual automatic rent increase supplied by the Department.

360.05 INCLUSION OF ANNUAL RENT INCREASE INFORMATION ON ANY ANNUAL AUTOMATIC RENT INCREASE NOTICE GIVEN BY A LANDLORD TO A TENANT

360.06 At the time the landlord gives a tenant the legal notice required by state law of the annual automatic rent increase, the landlord must also provide the tenant, as required by LAMC 151.05 C, an explanation of the percentage increase and the effective dates of such an increase, in a form and manner to be prescribed by the Department.

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES M. MÁRQUEZ, GENERAL MANAGER

RENT Stabilization

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PASSTHROUGH OF THE SYSTEMATIC CODE ENFORCEMENT FEE
Adopted August 5, 2004

370.00 **PASSTHROUGH OF THE SYSTEMATIC CODE ENFORCEMENT FEE** (Amended by Ordinance No. 175940, effective May 12, 2004)

370.01 For a rental unit for which the annual systematic code enforcement fee has been paid pursuant to LAMC ORDINANCE NO.175490, the landlord may demand and collect a rental surcharge from the tenant of the rental unit in accordance with the following schedule and after serving the tenant a 30-day written notice.

a) For the period from January 1, 2004 until May 31, 2004, a landlord may collect $1.00 per month from the tenant of the rental unit.

b) For the month of June 2004, a landlord may collect $3.16 from the tenant of the rental unit.

c) From July 1, 2004 until December 31, 2004, a landlord may collect $3.18 per month from the tenant of the rental unit.

d) As of January 1, 2005, and all subsequent years, a landlord may collect 1/12th of the annual Systematic Code Enforcement Program's fee from the tenant of the rental unit per month.

370.02 This surcharge shall be allowed provided that the landlord is not delinquent in the payment of the systematic code enforcement annual renewal fee.

370.03 This surcharge shall not become part of the maximum adjusted rent "MAR" for purposes of calculating the allowable automatic annual increase under LAMC 151.06 AUTOMATIC ADJUSTMENTS.

370.04 If a landlord has already paid the annual systematic code enforcement fee prior to the time a new tenant moves in, it is expected that the fee will be included in the rent level established for the new tenancy. The surcharge detailed in Section 370.01 above shall not be assessed on a new tenant until twelve months have passed or until the landlord pays a subsequent year's annual systematic code enforcement fee, whichever comes first.

370.05 The passthrough of the Systematic Code Enforcement Fee to the tenant cannot exceed the amounts detailed in Section 370.01 above.

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REDUCTION IN HOUSING SERVICES
EFFECTIVE DATE 11/17/82

410.00 REDUCTION IN HOUSING SERVICES (LAMC 151.08.B)

410.01 Whenever there is a reduction in housing services which are defined in the LAMC 151.02.F, there must be a corresponding decrease in rent equal to the reduction in the monthly cost to the landlord of the service, divided by the number of units deprived of that service. (LAMC 151.02. L)

410.02 In those cases where the monthly cost to the landlord is not readily identifiable, the decrease in rent shall be equal to the reduction in market value of the service, divided by the number of units deprived of that service.

410.03 In the case of a decrease in service resulting in a one-time savings to the landlord, such as the lack of repair of or the removal of an item connected to the occupancy of a unit, the decrease in rent shall be equal to the replacement or repair cost of that item. This cost shall be deducted from the rent as follows: for cost of $50 or less, the rent shall be reduced for one month by that cost; for costs over $50, the rent shall be reduced 1/6 of the total cost for 6 consecutive months.

410.04 Prior to any reduction in services, the landlord shall provide each tenant with a written notification of that reduction and an account of the landlord's costs involved in providing that service.

410.05 Where the reduction in services is a breach of the rental agreement or of any obligations imposed by law on the landlord relating to habitability, the tenant is not prohibited from pursuing his remedies under applicable law.

410.06 Where there is a reduction in services without a corresponding decrease in rent, the tenant may file a complaint with the Department and/or pursue his/her remedies under applicable law.

410.07 Whenever the number of occupants in a unit must be reduced because a rental agreement permits a number of occupants in excess of the occupancy limits permitted by LAMC 91.1207 or 91.1208, the rent must be reduced proportionately by the number of tenants required to quit in order to bring the unit into conformity with the City's occupancy limits (see RAC 953.05). In the event of a conflict between this regulation and the reduction of rent required under the Commission's "Additional Tenants" regulations, the reduction prescribed by RAC 310.02 shall prevail.

Example: In a unit where the rental agreement permits occupancy by ten persons at a monthly rent of $800, if the City's legal occupancy limit is seven persons, the rent must be reduced 30% upon the quittance of the three excess occupants. The new rent level for the seven remaining occupants is $560 ($800 times 70%) following quittance by the three excess tenants. In order to obtain this reduction of rent, the seven remaining tenants must provide the landlord a written notice containing proof both of the departure of the three excess tenants and the maximum occupancy limit permitted by LAMC 91.1207 or 91.1208. Following the legal notice period required by State law, the landlord must reduce the rent to $560.

410.08 LAMC 151.11.A provides that a tenant may refuse to pay rent in excess of the maximum rent or maximum adjusted rent. The fact that such rent is in excess of the maximum rent or maximum adjusted rent shall be a defense in any action to evict or to collect illegal rent. The Commission advises tenants who wish to pursue their legal remedies that the Ordinance contains provisions permitting both permanent and temporary rent increases (surcharges) that do not become part of the maximum rent or maximum adjusted rent. (See, e.g., Notice Requirements For Capital Improvement and Cited Rehabilitation Work Rent Increase). The Commission advises tenants who wish to pursue their legal remedies under LAMC 151.11 A to seek appropriate advice from a private attorney, tenant counseling organization, or other source.

**LAMC 91.1200-1208 have been deleted from the LAMC, and the California Building Code §310.7 adopted by reference, which addresses Occupancy Limits that apply to efficiency dwelling units (singles) only. However, this does not preclude a landlord from limiting occupancy in a rental agreement.*

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RENT Stabilization

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TRANSFER OF UTILITY PAYMENT TO TENANTS (LAMC 151.08B)

EFFECTIVE DATE 11/17/82

420.00 TRANSFER OF UTILITY PAYMENT TO TENANTS (LAMC 151.08B)

420.01 Any transfer of utility payment form landlord to tenant constitutes a decrease in services and a corresponding rent reduction must be made. The corresponding rent reduction following a transfer of utility payment must be based on the total average monthly cost of the utility to the landlord over the previous twelve months prior to the month in which the landlord filed the application, and it must be distributed between the affected apartments according to the following formula:

$$\text{Rent reduction} = \frac{a \times u}{12 \times t}$$

Where a = annual bill in determining the annual utility bill, the common area costs that were included in the previous year's utility payments, but which will continue to be paid by the landlord after conversion to individual meters, shall be deducted. To obtain this common area deduction, a landlord must submit a copy of a utility audit prepared by a qualified public or private agency, similar to those provided for electricity by the Department of Water and Power. The results of such surveys shall be presumed to indicate the amount a landlord may deduct from the previous year's utility bills to offset continuing common area utility expenses, unless there is clear and convincing evidence to the contrary. Any challenges to a utility survey submitted by a landlord must be made on the basis of

factual evidence, such as an alternative survey report submitted by other parties.

Where u = utility use factor for apartment size. In determining the utility use factor, the landlord must use the utility use factor formula per bedroom size listed below. In the event that the landlord can provide an audit, similar to those provided by the Department of Water and Power, that demonstrates a different utility use factor per number of bedrooms in that particular building, the landlord may request the special audit be used instead of the standard formula. Any challenge to such an audit must be made on the basis of factual evidence, such as alternative audits submitted by other parties.

NUMBER OF BEDROOMS	UTILITY USE FACTORS
0	1
1	1.2
2	1.4
3	1.6
4	1.8
5	2.1

Where t = total use factor which is the summation of all the utility use factors.

420.02 For the purpose of determining the number of bedrooms in rental unit, the following definitions shall apply:

1) In all rental units larger than a no-bedroom unit, the number of bedrooms shall be determined by the number of habitable rooms which can be used legally as sleeping rooms. However, rooms which on May 31, 1978, served as living rooms, dining rooms, foyers, closets, kitchens, dens, sunporches, breakfast nooks, and other non-sleeping rooms or areas are not to be counted as bedrooms; (effective 11-17-83)

2) An “efficiency dwelling unit” as defined in LAMC 12.03 is a no-bedroom unit for the purpose of luxury exemption. “No-bedroom rental units” commonly called singles, bachelors, executive singles or guest rooms are dwelling units where there was no separated bedroom on May 31, 1978;

3) In the event of a dispute as to the application or interpretation of sub-paragraph 1 or 2 above, the following factors, among others, may be used in making the determination:

i) whether the room is a habitable room as defined in LAMC 12.03 and 91.4911;

ii) whether the habitable room had been designated as a bedroom in building plans, permits, applications or other documents filed with the City, or would be considered a bedroom by normal industry standards due to such characteristics as closets, access to a bathroom without going through another room, natural light, ventilation, acoustic and visual privacy, and size (i.e., not less than 7 feet in width and not less than 90 square feet);

iii) whether there is documentary evidence from rental agreements, advertising, or other similar sources indicating that the landlord represented the room to be a bedroom at the time the landlord rented the unit to the occupant subject to the transfer of utility payment.

420.03 In all cases where a capital improvement surcharge application is filed on the basis of the installation of individual utility meters which will result in a transfer of payment to the tenants, the Department staff shall calculate and deduct from the final capital improvement rent increase the appropriate decrease in rent due to reduction in services.

420.04 Conversions from master to individual utility meters shall be capital improvements pursuant to RAC regulations 211.02H.

420.05 Notwithstanding the above, in cases where individual meters exist in the rental units and where the landlord has previously included the cost of the utility as part of the rental services offered the tenant, but now wishes the tenant to pay directly for the utility, the landlord must reduce the rent by the average actual cost of each tenant's utility usage for the twelve consecutive months preceding the transfer of payment from landlord to tenant. In cases where the actual cost of the utility usage by the tenant cannot be determined or where there have not been twelve months of utility usage by the same tenant, the formula in RAC regulations 420.01 must be used.

420.06 California law covering notice must be complied with in all transfer of utility payments from landlord to tenant.

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MOBILE HOME PARK GAS UTILITY PASS THROUGH (LAMC 151.08C) EFFECTIVE DATE 11/17/82

510.00 **MOBILE HOME PARK GAS UTILITY PASS THROUGH (LAMC 151.08C)**

510.01 Mobile home parks that resell gas to consumers through one and which is sub-metered to each individual unit as regulated by the California Public Utilities Commission (sheet No. 15584-G and 2750-G and the Southern California Gas Company Rule Regulation Number 24 and Schedule No. GS and/or such additional P.U.C. regulations as may be promulgated) may increase the cost of gas to tenants in order to comply with these regulations. Such increases must conform exactly to P.U.C. regulations at rates identical with those that would apply if such service was supplied to the tenant directly by the Southern California Gas Company.

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TRANSFER OF UTILITY PAYMENTS TO MOBILE HOME PARK TENANTS (LAMC 151.08B) EFFECTIVE DATE 11/17/82 AMENDED EFFECTIVE NOVEMBER 26,1990

520.00 **TRANSFER OF UTILITY PAYMENTS TO MOBILE HOME PARK TENANTS (LAMC 151.08B)**

520.01 Any transfer of utility payment from a landlord to a tenant constitutes a decrease in services and a corresponding rent reduction must be made. The corresponding rent reduction following a transfer of utility payment must be based on the total average monthly cost of the utility to the landlord over the previous twelve months prior to the month in which the landlord filed the application; and it must be distributed among the affected mobile homes according to the following formula:

$$\text{Rent reduction} = \frac{a \times u}{12 \times t}$$

Where a = annual utility bill; in determining the annual utility bill, the common area costs that were included in the previous year's utility payments, but which will continue to be paid by the landlord after conversion to individual meters, shall be deducted. To obtain this common area deduction, a landlord must submit a copy of a utility audit prepared by a qualified public or private agency, similar to those provided for electricity by the Department of Water and Power. The results of such surveys shall be presumed to indicate the amount a landlord may deduct from the previous year's utility expenses, unless there is a clear and convincing evidence to the contrary. Any challenges to a utility survey submitted by a landlord must be made on the basis of factual evidence, such as an alternative

survey report submitted by other parties. When water is the utility, a 10% common area deduction may be substituted for the utility audit stated above.

Where u = utility use factor for mobile home size; in determining the utility use factor the landlord must use the utility use factor formula based on size listed below. In the event that the landlord can provide an audit, similar to those provided by the Department of Water and Power, that demonstrates a different utility use factor per size of mobile homes in the park, the landlord may request the special audit be used instead of the standard formula. Any challenge to such an audit must be made on the basis of factual evidence, such as alternative audits submitted by other parties.

SIZE OF MOBILE HOME	UTILITY USE FACTORS
Small (up to 30 ft.)	=1
Medium (31-45 ft., single width)	=1.25
Large (46+ ft., single)	=1.5
Medium (double width*)	=2.5
Large (double width*)	=3.0

*Tip-outs do not constitute double width

Where t= total use factor which is the summation of all the utility use factors. (Effective 12/15/83)

520.02 In all cases where a capital improvement surcharge application is filed on the basis of the installation of individual utility meters, the Department shall calculate and deduct from the final capital improvement rent increase the appropriate decrease in rent due to reduction in services.

520.03 Conversions from master to individual utility meters shall be held to be capital improvements pursuant to RAC regulation 211.02H.

530.00 ADDITIONAL TENANTS - MOBILE HOME PARKS
EFFECTIVE DATE 4/18/85

Additional tenants who move into a mobile home after creation of the original tenancy are subject to California Civil Code Sections 798.34 and 798.35. These are State Law provisions governing allowable rent increases for additional tenants living in a mobile home park which supercede RAC regulation 310.00.

RENT Stabilization

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RENT ADJUSTMENT TO MASTER METERED MOBILE HOME PARK RESIDENTS (LAMC 151.08 C)
Effective February 17, 1993

560.00 RENT ADJUSTMENT TO MASTER METERED MOBILE HOME PARK RESIDENTS (LAMC 151.08 C)

560.01 A change in the mobile home park sewer service charge rate from commercial to residential is a decrease in operating expenses and constitutes a required rent reduction for master-metered park residents. The rent reduction must be based on the total average monthly sewer service charge to the park owner over the previous twelve months, prior to the month in which the rate was reclassified; and it must be applied to the affected residents according to the following formula:

$$\text{Rent reduction} = \frac{s \times 33\%}{12 \times n}$$

Where s = annual sewer service charge; in determining the annual sewer service charge, a 10% common area cost shall be deducted. In the event a park owner seeks to obtain more than a 10% common area deduction, he/she must submit a copy of a utility audit prepared by a qualified public or private agency, similar to those provided for electricity by the Department of Water and Power. The results of such surveys shall be presumed to indicate the amount a park owner may deduct from the previous year's utility expenses, unless there is clear and convincing evidence to the contrary. Any challenges to a utility survey submitted by a park owner must be made on the basis

of factual evidence, such as an alternative survey report submitted by other parties.

Where 33% = the difference between the commercial and residential sewer service charge rates

Where n* = total number of units in the mobile home park

* (unlike the formula used for the transfer of utility payments, which applies utility use factors in consideration of the size of units, apportionment in this case, is based on the total number of units in the park. This is because of the insignificant amount in the difference that results from applying the utility use factor, as well as, the reported similarity in the amount of sewage discharge, regardless of the size).

[S:LATEST P.I. BULLETINS\RAC-#34 RENT ADJ. TO MASTER METER MOBILEHOME.WPD-FEB, 2005- HMV]

EVICTIONS – GOOD FAITH REQUIREMENTS

Effective Date: November 17, 1982; Amended April 23, 1992
Amended Effective February 24, 2006

600.00 EVICTIONS

610.00 GOOD FAITH REQUIREMENTS

610.01 These regulations are promulgated under authority given the Commission by LAMC Chapter XV, Article 1, Section 151.03 (LAMC 151.03).

610.02 Evictions permitted under LAMC 151.09.A8, 151.09. A9, 151.09.A10, and 151.09.A11 require that a landlord act in good faith. In each of these evictions, the landlord is requesting a termination of tenancy on some ground that does not involve a tenant violation of the rental agreement.

610.03 In all matters of interpretation and implementation of the good faith requirements in the Rent Stabilization Ordinance (LAMC Chapter XV), the factors enumerated in the regulations 611.00, 612.00 and 613.00, along with any other relevant factors shall be relevant to the determination of good faith.

610.04 The phrase "in good faith" is borrowed from equity jurisprudence and must be interpreted accordingly. It simply means honestly; without fraud, collusion or deceit; really, actually, without pretense.

610.05 Deleted.

611.00 DEMONSTRATING GOOD FAITH

611.01 A landlord is required to demonstrate good faith by

a. adhering to all provisions of the Rent Stabilization Ordinance and
b. not using the eviction as a method of circumventing any of the provisions of the Rent Stabilization Ordinance.

611.02 In order to show adherence to all provisions of the Rent Stabilization Ordinance, a landlord needs to be in compliance with at least the provisions set forth in regulation 612.00.

611.03 The examples set forth in regulation 613.00 may be used to infer that a landlord is using an eviction as a method of circumventing the provisions of the Rent Stabilization Ordinance.

612.00 ADHERING TO ALL PROVISIONS OF THE RENT STABILIZATION ORDINANCE

612.01 The landlord has registered the unit and made a copy of the registration certificate available to the tenant, as required by law. (LAMC 151.05.A)

612.01.1 The landlord has paid annual interest on the security deposit when the deposit has been held for at least one year. (LAMC 151.06.02)

612.02 The landlord has been charging no more than the legal rent permitted by law. (LAMC 151.06, 151.07, 151.11)

612.03 The landlord has made available to the tenant the rental records required by Ordinance that justify the rent demanded or accepted (LAMC 151.04.C)

612.04 The landlord, in an eviction under LAMC 151.09.A8, 151.09.A9, 151.09.A10, or 151.09.A11 has filed with the Department the required declaration on or before the date on which the notice to quit is given to the tenant (LAMC 151.09.C2).

612.04.1 The landlord has provided each affected tenant with the Notice of Intent to Withdraw required for a termination of tenancy based on LAMC 151.09.A10. (LAMC 151.09.C.4.c)

612.04.2 The landlord has provided the Los Angeles Housing Department with the names of the tenants of each rental unit, the date on which the rental unit will be withdrawn from rental housing use and the rent applicable to that rental unit in the Notice of Intent to Withdraw required for a termination of tenancy based on LAMC 151.09.A10. (LAMC 151.09.C.4.a)

612.04.3 The landlord has notified the Los Angeles Housing Department in writing within thirty (30) days of receipt of a claim by a tenant that they are entitled to a one year extension of their tenancy because of their age or disability when the landlord is terminating their tenancy based on LAMC 151.09.A10. (LAMC 151.09.C.4.b.(4))

612.05 Deleted

612.06 Deleted

613.00 EXAMPLES OF EVICTIONS FROM WHICH ONE CAN INFER AN INTENT TO CIRCUMVENT THE RENT STABILIZATION ORDINANCE

613.01 There is a pattern or practice of evicting tenants in lower rent units and not evicting tenants in higher rent units for evictions based on LAMC 151.09.A8., 151.09.A9, 151.09.A10, or 151.09.A11.

613.02 There is a pattern or practice of the landlord evicting tenants and subsequently raising the rents for successor tenants without complying with the Rent Stabilization Ordinance.

613.03 Deleted

613.04 The landlord is evicting a tenant to allow an owner, or an owner's spouse, children or parents, or a resident manager to occupy the evicted tenant's unit when the landlord has a vacant and available unit in the building which is also suitable for this purpose, except when there is evidence of a medical condition or disability that necessitates the use of the evicted tenant's unit by the landlord and

the landlord has offered the tenant a comparable unit in the building. (LAMC 151.09.A8)

613.04.1 There is a pattern or practice of the landlord evicting tenants in lower rent units for occupancy by the owner, the owner's spouse, children or parents or a resident manager.

613.04.2 There is a pattern or practice of the landlord evicting a tenant to allow an owner, an owner's spouse, children or parents or a resident manager to occupy the evicted tenant's unit and the owner, the owner's relative or the resident manager not moving in to the unit within three months of the eviction or not occupying the unit for at least six months. (California Civil Code Section 1947.10)

613.04.3 The landlord timed the eviction of the tenant for occupancy by the owner, the owner's spouse, parents or children, or a resident manager so that there are no available comparable replacement units in the building.

613.04.4 The landlord is evicting tenants in a lower rent unit for occupancy by a resident manager where the building has less than 16 units (California Code of Regulations Title 25, Section 42) and there are no unique circumstances pertaining to the building that would otherwise require the use of an on-site resident manager.

613.05 Deleted.

613.06 The landlord is retaliating against a tenant for having filed a complaint with a governmental agency (LAMC 151.09B).

613.07 There is a pattern or practice of the landlord evicting tenants based on permanent removal of the units from rental housing use under LAMC 151.09.A10 for the purpose of selling the units but the units continue to be used for residential rental use.

613.08 In an eviction for permanent removal from rental housing use (LAMC 151.09.A10), the justification given by the landlord for the units' permanent removal from the rental market in the Landlord Declaration of Intent to Evict submitted to the Los Angeles Housing Department does not necessitate the units' permanent removal from rental housing use.

613.09 In an eviction for permanent removal from rental housing use (LAMC 151.09A10), the landlord is evicting a tenant for occupancy by the landlord, landlord's relative, or for a resident manager in an attempt to bypass the restrictions imposed by LAMC 151.09A8.

613.10 The landlord is engaging in conduct that is in violation of state or local housing law.

613.11 The landlord is evicting a tenant for failure to abide by the accepted Tenant Habitability Plan where the temporary replacement housing being offered is untenantable and is in violation of California Health & Safety Code Section 17920.3 or 17920.10.

613.12 There is a pattern or practice of filing unsuccessful unlawful detainer actions against the tenant who is now being evicted under LAMC 151.09.A8, A9, A10 or A11.

710.00 TENANT HABITABILITY PROGRAM REGULATIONS

Adopted May 19, 2005

710.00 TENANT HABITABILITY PROGRAM REGULATIONS

711.00 DECLARATION OF PURPOSE

711.01 Purpose

These regulations are promulgated to facilitate the operation of the City of Los Angeles Tenant Habitability Program, which has been established by ordinance as Article 2 of Chapter XV of the Los Angeles Municipal Code, Section 152.00, *et seq.*

711.02 Authority for these Regulations

These regulations are issued by the Rent Adjustment Commission under the authority granted it under Los Angeles Municipal Code Sections 151.03, 151.07A.8, and 152.08.

711.03 Review of Program and Regulations

These regulations, together with the overall operation of the Tenant Habitability Program, shall be reviewed by the Rent Adjustment Commission no less than every three years.

712 .00 DEFINITIONS

The following words and phrases, whenever used in these regulations, shall be construed as defined in this section, which restates, in some instances, definitions used in LAMC Sections 151.02 and 152.02. Should a discrepancy exist between a definition presented here and in Sections 151.02 or 152.02, the wording in the LAMC definition shall prevail. Words and phrases not defined here shall be construed as defined in LAMC Sections 12.03 and 162.02, if defined there.

Building and Safety. The City of Los Angeles Department of Building and Safety or any successor.

Department. The Los Angeles Housing Department or any successor.

Hearing Officer. A person designated by the Department to consider an appeal of a determination by the Department through a public hearing in accordance with LAMC Sections 151.07 and 152.03C.4.

LAMC. The Los Angeles Municipal Code.

Notice of Primary Renovation Work. Written notice, served by the landlord upon a tenant or tenant household at least 60 days prior to commencement of any Primary Renovation Work or Related Work and using a form established by the Department, advising the tenant of forthcoming Primary Renovation Work and Related Work, the impact of such work on the tenant, and measures the landlord will take to mitigate the impact on the tenant.

Ordinance. Chapter XV of the Los Angeles Municipal Code Section 151.00, *et seq.*, commonly known as the Rent Stabilization Ordinance.

Primary Renovation Work. Work performed either on a rental unit or on the building containing the rental unit that improves the property by prolonging its useful life or adding value, and involves either or both of the following:

1. Replacement or substantial modification of any structural, electrical, plumbing or mechanical system that requires a permit under the Los Angeles Municipal Code.

2. Abatement of hazardous materials, such as lead-based paint and asbestos, in accordance with applicable federal, state and local laws.

For the purposes of Sections 716.00, *et seq.*, and 717.00, *et seq.*, of these regulations, the term Primary Renovation Work includes Related Work.

Qualified Tenant. Any tenant who satisfies any of the following criteria on the date of service of the notice of tenant impact: has attained age 62; is handicapped as defined in Section 50072 of the California Health and Safety Code; is disabled as defined in Title 42 United States Code Section 423; or is a person residing with and on whom is legally dependent (as determined for federal income tax purposes) one or more minor children.

RAC. The Rent Adjustment Commission of the City of Los Angeles or any successor.

Related Work. Improvements or repairs which, in and of themselves, do not constitute Primary Renovation Work but which are undertaken in conjunction with and are necessary to the initiation and/or completion of Primary Renovation Work.

Temporary Relocation. The moving of a tenant from the tenant's permanent residence to habitable temporary housing accommodations in accordance with a Tenant Habitability Plan. The temporary relocation of a tenant from his/her permanent place of residence shall not constitute the

voluntary vacation of the unit and shall not terminate the status and rights of a tenant, including the right to reoccupy the same unit, upon the completion of the Primary Renovation Work and any Related Work, subject to any rent adjustments as may be authorized under the Ordinance.

Tenant Habitability Plan. A document, submitted by a landlord to the Department, identifying any impact Primary Renovation Work and Related Work will have on the habitability of a tenant's permanent place of residence and the steps the landlord will take to mitigate the impact on the tenant and the tenant's personal property during the period Primary Renovation Work and Related Work are undertaken.

713.00 PROCEDURE FOR UNDERTAKING PRIMARY RENOVATION WORK

713.01 Building Permit Clearance

713.01.1 Building and Safety Screening of Building Permit Applications

Prior to issuing any permit, pursuant to LAMC Sections 91.106, 92.0129, 92.0132, 93.0201, 94.103, or 95.112.2, for work on residential rental property which has been identified by the Department as being subject to the Ordinance, Building and Safety shall, at a minimum, determine:

(1) Whether the property where the permitted work will be done contains any rental housing accommodations that are currently occupied by a tenant or will be occupied by a tenant while the work is being done; and

(2) Whether the permitted work proposed at a property subject to the Ordinance might constitute, at least in part, Primary Renovation Work.

In making its determination, Building and Safety may utilize a questionnaire or similar means to screen permit applications and may also rely on property data provided by the Department that identifies property subject to the Ordinance.

Building and Safety shall refer applicants for building permits identified through this initial screening process for further review to determine whether the proposed work constitutes Primary Renovation Work.

713.01.2 Identification of Primary Renovation Work

All permit applications identified by Building and Safety's initial screening process shall be further reviewed to determine whether the proposed work constitutes, in whole or in part, Primary Renovation Work. Such review shall be undertaken by either of the following agencies:

(1) The Department, which shall make its determination within one (1) working day of receiving sufficient information from the permit applicant to determine the scope of the proposed work; or

(2) Building and Safety, per an agreement with the Department to undertake such screening.

Permit applications for work found to not constitute Primary Renovation Work shall be immediately cleared of the requirement to file a Tenant Habitability Plan, in accordance with Building and Safety procedures.

713.01.3 Primary Renovation Work Criteria

The following criteria shall be used to determine whether proposed permitted work constitutes Primary Renovation Work:

(1) The proposed work includes the replacement of existing water or gas supply lines, the replacement of existing drain waste lines, or the installation of additional new supply or waste lines;

(2) The proposed work includes the replacement of electrical wiring or circuits, the replacement of an electrical service panel, or the addition of new wiring or circuits;

(3) The proposed work includes the replacement or upgrading of a heating, ventilation, or air conditioning (HVAC) system or the replacement, upgrading, or initial installation of an elevator system;

(4) The proposed work includes additions, modification or improvements to the foundation or to the structure (including the roof) that expose the building frame or compromise the building's security, weather protection or fire protection; or

(5) The proposed work includes the abatement of hazardous materials, such as but not limited to lead-based paint and asbestos, in accordance with applicable federal, state and local laws.

If the proposed work at a property subject to the Ordinance meets any of these criteria, that work constitutes Primary Renovation Work and is, together with any Related Work, subject to the requirements of the Tenant Habitability Program.

713.01.4 Department Clearance of Primary Renovation Work

The Department shall clear a landlord's application for a building permit involving Primary Renovation Work, in accordance with procedures established by Building and Safety, when both of the following conditions have been met:

(1) The landlord has submitted a Tenant Habitability Plan which the Department finds adequately mitigates the impact of Primary Renovation Work and any Related Work upon affected tenants; and

(2) The landlord has submitted a declaration, under penalty of perjury, documenting service to affected tenants of both a Notice of Primary Renovation Work and a copy of the non-confidential portions of the Tenant Habitability Plan.

713.02 Tenant Habitability Plan

The Department may establish forms for landlord use in filing a Tenant Habitability Plan. At a minimum, the Landlord shall provide the Department with the information listed here as part of the Tenant Habitability Plan. It is in the interest of both landlords and tenants that Primary Renovation Work and any Related Work is undertaken as efficiently and effectively as possible.

To that end, landlords are encouraged to seek tenant input when developing mitigation measures. Landlords must provide tenants with a summary of their rights under the Tenant Habitability Program, prepared by the Department, prior to either seeking tenant input in developing mitigation measures or entering into any agreement with tenants.

713.02.1 Identification of Responsible Parties

The landlord shall provide the following information:

(1) Name, address, and phone number of the landlord;

(2) Name, address, and phone number of the person designated by the landlord as the contact person for all issues related to the proposed project, if the contact person is not the landlord;

(3) Name, address, and contact phone number of the general contractor responsible for the Primary Renovation Work and any Related Work;

(4) Name, address, and contact phone number of any specialized contractor or sub-contractor responsible for hazardous material abatement;

713.02.2 Identification of Affected Tenants

The landlord shall provide the following information on a separate attachment which, in accordance with California Civil Code Section 1798, *et seq.,* shall be considered a confidential addendum to the Tenant Habitability Plan:

(1) The name, address including unit number, and phone number of the primary tenant(s) or head of tenant household for each rental unit affected by Primary Renovation Work;

(2) An identification of which rental units affected by Primary Renovation Work, if any, house Qualified Tenants; and

(3) The current rent and the date of last rent increase for each rental unit affected by Primary Renovation Work.

713.02.3 Scope of Work

The landlord shall provide a description of the scope of work covering the Primary Renovation Work and any Related Work. That description also shall include a description of any additional improvements to the property with a useful life of at least five years that will be undertaken at or about the same time as Primary Renovation Work. Such description shall address:

(1) The total number of units on property;

(2) The identification of specific units and common areas affected by the Primary Renovation Work and any Related Work;

(3) The overall scope of Primary Renovation Work, Related Work, and any other work to be undertaken at or about the same as the Primary Renovation Work and any Related Work, including work done on common areas;

(4) The specific scope of work for each unit affected by Primary Renovation Work;
(5) The identification of any work to be undertaken in response to a government order, with a copy of that order included as an attachment;

(6) The estimated duration of all work for the entire project;

(7) The estimated duration of work for each affected unit, including projected start and finish dates;

(8) The estimated total cost of (a) all Primary Renovation Work and any Related Work and (b) other improvements with a useful life of at least five years; and

(9) The estimated cost for each affected unit of (a) all Primary Renovation Work and any Related Work and (b) other improvements with a useful life of at least five years.

713.02.4 Impact on Habitability

The landlord shall identify the impact of Primary Renovation Work and any Related Work on the habitability of affected rental units, including a discussion of impact severity and duration with regard to the following factors:

(1) Noise;

(2) Utility interruption;

(3) Exposure to toxic or hazardous materials;

(4) Interruption of fire safety systems;

(5) Inaccessibility of all or portions of each affected rental unit; and

(6) Disruption of other tenant services.
(7)

713.02.5 Tenant Health & Safety

The landlord shall identify the mitigation measures that will be adopted to ensure that tenants are not required to occupy an untenantable dwelling, as defined in California Civil Code Section 1941.1, outside of the hours of 8:00 am through 5:00 pm, Monday through Friday, and are not exposed at

any time to toxic or hazardous materials including, but not limited to, lead-based paint and asbestos.

Such measures may include either or a combination of both of the following options:

(1) The adoption of work procedures that allow tenants to remain on-site by either (a) avoiding the creation of untenantable conditions altogether or (b) returning the rental unit to a habitable condition outside of the hours of 8:00 am through 5:00 pm, Monday through Friday; and

(2) The temporary relocation of tenants to habitable replacement housing, in conformance with Section 716.00, *et seq.,* of these regulations, with provision made for compensating tenants deprived of essential, previously available, housing services (e.g., cooking facilities, free laundry, or pet accommodations) as a result of temporary relocation.

713.02.6 Impact on Tenant Personal Property

The landlord shall identify the impact of Primary Renovation Work and any Related Work on the personal property of affected tenants, including a discussion of timing, severity, and duration, with regard to the following factors:

(1) Work areas which must be cleared of furnishings and other tenant property;

(2) Exposure of furnishings and other tenant property to theft;

(3) Exposure of furnishings and other tenant property to elements or hazards; and

(4) Other material impacts on tenant personal property.

713.02.7 Protection of Tenant Property

The landlord shall identify the mitigation measures that will be adopted to secure and protect tenant property from reasonably foreseeable damage or loss.

713.03 Plan Acceptance

713.03.1 Departmental Determination

The Department shall make a determination regarding the adequacy of a landlord's Tenant Habitability Plan within five working days of the Department's receipt of the plan for review. The Department shall accept those plans which meet the requirements of LAMC Section 152.03B and Section 713.02 of these regulations and which it determines, with reference to the standards set forth in California Civil Code Section 1941.1 and in these regulations, will adequately mitigate the impacts of Primary Renovation Work and any Related Work upon tenants. The Tenant Habitability Plan may allow for the temporary disruption of major systems during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, without requiring the relocation of tenants in order to adequately mitigate the impacts upon the affected tenants. However, tenants should not be exposed at any time to toxic or hazardous materials including, but not limited to, lead-based paint and asbestos.

713.03.2 Outstanding Fees Due

A landlord shall pay any outstanding balances for rent registration and code enforcement fees before filing a Tenant Habitability Plan with the Department.

713.03.3 Notification of Deficiencies

The Department shall provide landlords with written indications of deficiencies which must be addressed whenever a Tenant Habitability Plan is determined to be inadequate. A landlord may submit an amended Tenant Habitability Plan in order to correct identified deficiencies, which the Department will review in accordance with Section 713.03.1 of these regulations.

713.03.4 Appeals of the Department's Determination

Landlords and tenants may appeal the Department's determination regarding a Tenant Habitability Plan to a Hearing Officer. The appeal shall be made in writing, upon appropriate forms provided by the Department, and shall specify the grounds for appeal. The appeal shall be filed within 15 calendar days of the service of the Department's determination. For landlords, the personal delivery or mailing by the Department of the Department's determination, pursuant to LAMC Section 152.03C, shall constitute service. For tenants, the service by the landlord, pursuant to LAMC Section 152.04, of a copy of a Tenant

Habitability Plan accepted by the Department shall constitute service of the Department's determination.
Appeals shall be accompanied by the payment of an administrative fee of $35.00. In accordance with LAMC Section 151.14C, this fee may be waived for any individual who files a declaration stating that he or she annually earns no more than 50% of the median income for the Los Angeles area as calculated annually by the U.S. Department of Housing and Urban Development.

The requested hearing shall be held within 30 calendar days of the filing of the appeal following the procedures set forth in LAMC Section 151.07A.3. The Hearing Officer shall issue a written decision within ten calendar days of the hearing on the appeal, with a copy of the decision served on the landlord and affected tenants by first class mail, postage prepaid, or in person.

If a tenant appeals the Department's acceptance of a Tenant Habitability Plan, the tenant is afforded an additional 15 day period to request permanent relocation from the date that the Department provides the appeal decision to the tenant.

713.04 Project Commencement

The landlord may commence work on Primary Renovation Work at a given rental unit no sooner than 60 days from the date when the tenant of that unit was served, in accordance with LAMC Section 152.04, with a Notice of Primary Renovation Work, a summary of the Tenant Habitability Program, a copy of the non-confidential portions of the Tenant Habitability Plan and, if applicable, a permanent relocation agreement form. Such commencement of work is further subject to the landlord's completion of all mitigation measures that the Tenant Habitability Plan identifies are to be accomplished prior to the initiation of Primary Renovation Work.

713.05 Plan Monitoring

The Department may monitor the adherence of landlords and tenants to the requirements of the Tenant Habitability Plan through the date of project completion or tenant re-occupancy, whichever is later. Such monitoring may include inspections as the Department determines to be warranted, including, but not limited to, inspections undertaken in response to complaints from affected parties.

714.00 NOTICE AND SERVICE REQUIREMENTS

714.01 Notice of Primary Renovation Work

Using a form established by the Department, the landlord shall serve each tenant household to be affected by proposed Primary Renovation Work with the following:

(1) A Notice of Primary Renovation Work, written in the language in which the original lease was negotiated;

(2) A summary of the provisions of the Tenant Habitability Program (LAMC Section 152.00, *et seq.*);

(3) A permanent relocation agreement form, if applicable, written in the language in which the original lease was negotiated; and

(4) A copy of the non-confidential portions of the Tenant Habitability Plan.

Service of these items shall be provided in the manner prescribed by Section 1162 of the California Code of Civil Procedure and at least 60 days prior to the date on which the Primary Renovation Work and any Related Work is scheduled to begin.
Each Notice of Primary Renovation Work shall provide, at a minimum, the information listed in the following subsections:

714.01.1 Time Frame

A Notice of Primary Renovation Work shall indicate the estimated start and completion dates of:

(1) Any Primary Renovation Work and Related Work associated with a Tenant Habitability Plan accepted by the Department; and

(2) Any other work affecting the tenant that will be undertaken at or about the same as the Primary Renovation Work and any Related Work.

714.01.2 Description of Work and Impact

A Notice of Primary Renovation Work shall provide:

(1) A description of the Primary Renovation Work and any Related Work to be performed and how it will impact that particular tenant household; and

(2) A description of any other work that will be undertaken at or about the same as the Primary Renovation Work and any Related Work and the impact of such work on that particular tenant household.

714.01.3 Arrangements for Paying Rent

If Primary Renovation Work and any Related Work necessitate a temporary change in the arrangements for paying rent, the Notice of Primary Renovation Work shall include:

(1) The person and address where rent is to be paid;

(2) The amount of rent; and

(3) The next date rent is due.

Unless a temporary change in the due date is required by a third-party housing provider, the notice shall adhere to the current terms of the tenant's existing oral or written rental agreement.

714.01.4 Details of Temporary Relocation

A Notice of Primary Renovation Work shall provide the details of temporary relocation including the name(s) and address(es) of temporary replacement housing, if necessitated by the Primary Renovation Work, and associated tenant rights under the Tenant Habitability Program. In addition, a Notice of Primary Renovation Work should provide the following:

(1) If applicable, the reasonable compensation that will be provided to a tenant who is temporarily deprived of essential, previously available housing services, such as access to cooking facilities, free laundry facilities or housing for pets, as a result of temporary relocation;

(2) Information that the landlord and tenant may mutually agree to the landlord providing a *per diem* payment to the tenant in lieu of the landlord providing temporary replacement housing; and

(3) Information that the tenant has the option to elect permanent relocation assistance, in consideration of the tenant's voluntarily terminating the tenancy and quitting the rental unit, in either of the following situations:

(a) The habitability of the tenant's rental unit is impacted by Primary Renovation Work and any Related Work for a period of 30 days or more; or

(b) The Primary Renovation Work and any Related Work continue for 30 days longer than the projected completion date set forth in the Tenant Habitability Plan or any modification thereto accepted by the Department.

714.01.5 Tenant Questions

A Notice of Primary Renovation Work shall provide instructions on how a tenant with questions can consult the landlord, the Department, or the Department's designee. The landlord may designate an agent authorized to act on behalf of the landlord in this regard.

714.01.6 Re-occupancy and Rent Adjustments

A Notice of Primary Renovation Work shall provide notice of a tenant's right to re-occupy the rental unit under the existing terms of tenancy upon completion of Primary Renovation Work and any Related Work, subject to rent adjustments as authorized under the Ordinance. The notice shall further provide a tenant with a good faith estimate of what rent increases may be allowed under the Ordinance as a result of proposed Primary Renovation Work, Related Work, and any additional work to be undertaken in conjunction with the Primary Renovation Work.

714.01.7 Tenant Right to Appeal

A Notice of Primary Renovation Work shall provide notice that the tenant may appeal the Department's acceptance of a Tenant Habitability Plan in cases where the tenant does not agree with the landlord regarding the necessity for the tenant to either be temporarily displaced or remain in place during Primary Renovation Work, provided such request is submitted to the Department within 15 days of the tenant's receipt of the Notice of Primary Renovation Work.

714.02 Declaration of Service

Using a form established by the Department, landlords shall submit a declaration under penalty of perjury documenting service of both a Notice of Primary Renovation Work and a copy of the non-confidential portion of the accepted Tenant Habitability Plan to each affected tenant or tenant household prior to the Department's clearance of any Building and Safety permit related to Primary Renovation Work.

714.03 Notice of Agreement Electing *Per Diem* Payment for Temporary Relocation and/or Fixed Payment for Moving and Storage

If a landlord and tenant agree to allow the landlord to pay the tenant either (a) a *per diem* for temporary relocation, in accordance with Section 716.07.4 of these regulations or (b) a fixed payment to cover the costs of moving and/or storage of the tenant's personal property, in accordance with Section 716.08.4 of these regulations, the landlord shall provide the Department with a copy of the written agreement within 15 days of its execution.

Such agreement shall be written in the language in which the original lease was negotiated and include the following information:

(1) The *per diem* or fixed payment amount;

(2) The timing, frequency, and duration of any temporary relocation payments;

(3) A listing of the items to be moved or stored, if any;

(4) The method of payment to the tenant; and

(5) A statement that the agreement is intended to be binding, admissible in court, and enforceable by a Court.

714.04 Notice Electing Permanent Relocation Assistance

Tenants electing to terminate their tenancies in exchange for permanent relocation assistance, in accordance with LAMC Section 152.05 and Section 715.00, *et seq.,* of these regulations, shall give landlords written notice of their decision using a permanent relocation agreement form established by the Department for this purpose. Landlords, in turn, shall provide the Department with copies of executed permanent relocation agreement forms within 15 days following service of the form on the landlord.

714.05 Notice of Unit Available for Re-occupancy

The landlord shall provide any tenant required to temporarily relocate to replacement housing during primary renovation work with written notice of the date upon which the unit may be re-occupied and shall provide the Department with a copy of such notice. In instances when a tenant must relocate before being given notice of a date certain for return, the landlord's notice of the unit being available for re-occupancy shall be

given in advance of the actual re-occupancy date, according to the following schedule:

(1) If the temporary replacement housing involves a monthly contract with a third-party housing provider, the landlord shall provide notice to the tenant(s) of pending availability for re-occupancy no less than 30 days before the unit is available; or

(2) If the temporary replacement housing does not involve a monthly contract with a third-party housing provider, the landlord shall provide notice to the tenant(s) of pending availability for re-occupancy no less than seven (7) days before the unit is available.

715.00 PERMANENT TENANT RELOCATION

715.01 Tenant Entitlement to Permanent Relocation Assistance

Any tenant affected by Primary Renovation Work and Related Work shall have the option to voluntarily terminate the tenancy in exchange for permanent relocation assistance pursuant to LAMC Section 151.09G in either of the following circumstances:

(1) The Primary Renovation Work and any Related Work, as set forth in the Tenant Habitability Plan, will impact the tenant for 30 or more days; or

(2) The Primary Renovation Work and any Related Work continues for 30 or more days longer than the projected completion date set forth in the later of either the Tenant Habitability Plan or any modifications thereto accepted by the Department.

715.02 Tenant Election of Permanent Relocation Assistance

To elect permanent relocation assistance, a tenant shall inform the landlord of the decision by mailing or personally delivering a completed permanent relocation agreement form, provided by the Department, to the landlord or agents thereof in accordance with the following time frames:

(1) Within 15 days of service, in the manner prescribed by California Code of Civil Procedure Section 1162, of the Notice of Primary Renovation Work and the non-confidential portions of the Tenant Habitability Plan;

(2) Within 15 days of service, in the manner prescribed by California Code of Civil Procedure Section 1162, of written notice from either

the landlord or the Department that the Primary Renovation Work and Related Work will continue for 30 or more days longer than the projected completion date stated in the Tenant Habitability Plan or any modifications thereto accepted by the Department; or

(3) At any time after the initial projected completion date stated in the Tenant Habitability Plan has been exceeded by 30 or more days provided no revised completion date was given the tenant in accordance with subparagraph (2) above.

715.03 Payment Requirements

Once the tenant has elected to receive permanent relocation assistance in accordance with LAMC Section 152.05 and Section 715.02 of these regulations, the landlord shall have 15 days to provide the tenant with relocation assistance in the manner and for the amounts set forth in LAMC Section 151.09G.

716.00 TEMPORARY RELOCATION

716.01 Conditions Mandating Temporary Relocation

The landlord shall indicate in its Tenant Habitability Plan whether the temporary relocation of one or more tenant households is necessary. Pursuant to LAMC Section 152.03, the Department independently may determine whether temporary relocation is necessary in conjunction with its review of the Tenant Habitability Plan. The Department may also require the temporary relocation of a tenant at any time during the Primary Renovation Work if the Department determines temporary relocation is necessary to ensure the health or safety of the tenant. In determining whether the health or safety of the tenant is in jeopardy, the Department may consider health and safety factors including, but not limited to, substandard conditions (California Health & Safety Code Section 17920.3), lead-based paint (Health & Safety Code Section 17920.10), and untenantable rental housing conditions (California Civil Code Section 1941.1).

716.02 Delays in Initiating Primary Renovation Work

A significant delay in the landlord's initiation of Primary Renovation Work should be reflected in a corresponding delay in the requirement for a tenant to relocate. Whenever the start of Primary Renovation Work is delayed significantly, the failure of a tenant to relocate in conformance with the timing initially indicated in an accepted Tenant Habitability Plan

shall not be considered an unreasonable interference with the landlord's ability to implement the requirements of that Tenant Habitability Plan.

716.03 Maintenance of Tenancy

The temporary relocation of a tenant under the Tenant Habitability Program shall not constitute the voluntary vacating of that rental unit and shall not terminate the status and rights of a tenant, including the right to reoccupy the tenant's rental unit upon the completion of the Primary Renovation Work.

716.04 Payment of Rent

A tenant who is temporarily relocated as a result of Primary Renovation Work shall continue to pay rent in the manner prescribed by any lease provision or acceptance in the course of business between the landlord and the tenant.

716.05 Temporary Housing Accommodation Costs

A landlord shall pay for all temporary housing accommodation costs regardless of whether those costs exceed rent paid by the tenant.

716.06 Escrow Accounts

A landlord may choose to place a tenant's rent and any other required payments in an escrow account. All costs of opening and maintaining the escrow account shall be borne by the landlord.

716.07 Temporary Replacement Housing

A landlord shall temporarily relocate a tenant to habitable temporary housing accommodations if the Primary Renovation Work will:

(1) Make the rental unit an untenantable dwelling, as defined in California Civil Code Section 1941.1, outside of the hours of 8:00 am through 5:00 pm, Monday through Friday;

(2) Expose the tenant at any time to toxic or hazardous materials including, but not limited to, lead-based paint and asbestos; or

(3) Otherwise endanger the health or safety of the tenant.

716.07.1 Temporary Replacement Housing for 30 or More Consecutive Days

If the temporary relocation lasts 30 or more consecutive days, the landlord shall make available comparable housing either within the same building or in another building. For purposes of this section, a replacement unit shall be comparable to the existing unit if both units are comparable in size, number of bedrooms, accessibility, proximity to services and institutions upon which the displaced tenant depends, amenities, including allowance for pets, if necessary, and, if the tenant desires, location within five miles of the rental unit. The landlord and tenant may agree that the tenant will occupy a non-comparable replacement unit provided that the tenant is compensated for any reduction in housing services.

716.07.2 Temporary Replacement Housing for Fewer than 30 Consecutive Days

If the temporary relocation lasts less than 30 consecutive days, the landlord shall make available temporary housing that, at a minimum, provides habitable replacement accommodations either in the same building as the Primary Renovation Work, in a hotel or motel, or in other housing. If the temporary housing is in a hotel, motel or other housing, it shall:

(1) Be located no greater than two miles from the tenant's rental unit, unless no such accommodation is available; and

(2) Contain standard amenities such as a telephone.

Depending on the size and composition of a given tenant household, habitable temporary housing in a hotel or motel may require more than one hotel or motel unit.

716.07.3 Payment Arrangements

If temporary replacement housing is to be provided at a location not owned or managed by the landlord, the landlord shall describe the payment arrangements that have been made in the Tenant Habitability Plan including:

(1) The person to whom such payment will be made;

(2) The time such payment will be made;

(3) The period of time such payment will cover; and

(4) The action the landlord will take should the period of temporary relocation need to be extended.

Should a landlord fail to make payments for temporary replacement housing in accordance with the Tenant Habitability Plan, such a failure shall constitute a reduction in housing services and entitle the tenant to a reduction in rent, in addition to any other remedies available under these regulations.

716.07.4 *Per Diem* Payment

A landlord and tenant may mutually agree to allow the landlord to pay the tenant a *per diem* amount for each day of temporary relocation instead of the landlord providing temporary replacement housing. The agreement shall be written in the language in which the original lease was negotiated, signed by the landlord and tenant, and contain the tenant's acknowledgment that the tenant received notice of tenant rights under LAMC Section 152.06 and understands those rights. The landlord shall provide the Department with a copy of this agreement, in accordance with Section 714.03 of these regulations, within 15 days of its execution.

716.07.5 Temporary Loss of Housing Services

The landlord shall provide reasonable compensation to tenants who are temporarily deprived of essential services that had been provided at the rental unit undergoing renovation. These deprivations include, but are not strictly limited to:

(1) Loss of cooking facilities;

(2) Loss of housing for a pet if allowed under the rental agreement; and

(3) Loss of access to laundry facilities owned by the tenant or otherwise made available to the tenant without charge.

716.08 Related Costs

716.08.1 Moving Costs

A landlord shall pay all actual reasonable costs of moving a tenant to temporary replacement housing including, but not limited to:

(1) Transportation of tenant personal property;

(2) Packing and unpacking;

(3) Insurance of personal property while in transit;

(4) Compensation for any damage occurring during moving;,

(5) Storage of personal property;

(6) Disconnection and re-connection of utility services; and

(7) Any other additional costs attributable to a tenant's special needs, including needs resulting from disability or age.

716.08.2 Temporary Furnishings

A tenant shall not be temporarily relocated to an unfurnished rental unit without the provision of basic necessary furnishings. The landlord may provide temporary furnishings or the landlord may move, and later return, the tenant's furnishings.

716.08.3 Protection of Tenant Property

A tenant's personal property shall not remain on site during Primary Renovation Work if it is exposed to hazards or is left unsecured, and the landlord shall be responsible for any temporary storage of tenant personal property necessitated by Primary Renovation Work. The landlord shall also be responsible for any damage or loss to tenant property incurred while in transit or in storage unless the tenant has assumed explicit responsibility for such transit or storage.

716.08.4 Payment to Tenant for Moving or Storage

If mutually acceptable to both parties, a landlord and tenant may agree to allow the landlord to pay the tenant a fixed payment amount to cover the cost of moving and/or storing tenant personal property, if needed. In order to agree upon a fixed payment to the tenant instead of the landlord providing for moving and temporary storage, the tenant and landlord must conclude a separate written agreement, signed by both parties and written in the language in which the original lease was negotiated, setting forth the details of the payment arrangement and including the tenant's acknowledgment of the receipt of and understanding of a notice of rights under this section and LAMC Section 152.06. The landlord shall provide the Department with a copy of this agreement in accordance with Section 714.03 of these regulations.

716.08.5 Tenant-Paid Utilities

If the landlord uses tenant-paid utilities during the period the tenant is temporarily relocated, the landlord shall compensate the tenant for the cost of such usage within 15 days of delivery by mail or hand to the landlord of a written request by the tenant, including supporting documentation, for reimbursement.

716.09 Landlord Obligations

The Landlord shall fulfill the following obligations with regard to temporary replacement housing:

(1) Provide for the temporary relocation of the tenant, as necessary, in accordance with Section 716.07 of these regulations;

(2) Provide for the moving and storage of tenant furnishings, if necessary, in accordance with Section 716.08, *et seq.*, of these regulations;

(3) Provide for the security of tenant personal property remaining on site during Primary Renovation Work in accordance with Section 716.08.3 of these regulations;

(4) Promptly notify the tenant of any change in the Tenant Habitability Plan that affects the timing or duration of the tenant's temporary relocation;

(5) Facilitate a tenant's timely return to his/her rental unit by performing all Primary Renovation Work in conformance with a Tenant Habitability Plan;

(6) Notify the tenant of the date the unit is to be re-occupied in accordance with Section 714.05 of these regulations; and

(7) Adhere to all other applicable requirements of the Tenant Habitability Plan.

716.10 Tenant Obligations

The tenant shall fulfill the following obligations with regard to temporary replacement housing:

(1) Pay rent to the landlord;

(2) Temporarily relocate, as required, in accordance with a Tenant Habitability Plan and Notice of Primary Renovation Work;

(3) Provide the landlord with a contact address and phone number while temporarily relocated;

(4) Notify the landlord if the tenant has entered into a monthly contract with a third-party housing provider; and

(5) Adhere to all other applicable requirements of the Tenant Habitability Plan.

717.00 TENANTS REMAINING IN THE UNIT

717.01 Safety of the Tenant

The landlord shall take action to ensure that a tenant is not subjected to conditions that present a threat to the tenant's safety and well-being as a result of Primary Renovation Work. For a tenant to remain in a rental unit while Primary Renovation Work is undertaken, untenantable conditions shall be limited to the hours between 8 am and 5 pm, Monday through Friday, and all housing services necessary for the unit to be habitable shall be restored daily at the end of working hours (e.g., disconnected utility services restored by 5 pm). In some instances, however, specific tenant circumstances may make it unsafe for the tenant to remain in place, and the Department may determine that the tenant in question must be temporarily relocated.

The Tenant Habitability Plan shall include a detailed description of the precautions that will be undertaken to safeguard the health and safety of tenants remaining in place during the course of Primary Renovation Work in accordance with any regulations or guidelines promulgated by the RAC or the Department.

717.02 Tenant Personal Property

The landlord shall ensure reasonable protection and security for an affected tenant's personal property that remains in the rental unit during Primary Renovation Work.

717.03 Compliance with Tenant Habitability Plan

Both landlords and tenants shall adhere to the requirements of the Tenant Habitability Plan.

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES MÁRQUEZ, GENERAL MANAGER

Los Angeles Housing Department ⌂ Rent Stabilization - Customer Service and Information

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LUXURY EXEMPTION CERTIFICATE
EFFECTIVE DATE 5/20/82

830.00 LUXURY EXEMPTION CERTIFICATE

830.01 Pursuant to LAMC 151.07 A5, as of September 1, 1982 no unit shall be exempt as a luxury unit unless a landlord has first obtained a certificate of exemption from the Department.

831.00 DEFINITIONS

a) A Luxury housing accommodation is a unit for which on May 31, 1978, the rent charged per month was at least:

$302 for a unit with no bedrooms
$420 for a unit with one bedroom
$588 for a unit with two bedrooms
$756 for a unit with three bedrooms
$823 for a unit with four or more bedrooms
(LAMC 151.02 G)

b) For the purpose of determining the rent level of a unit which was not rented on May 31, 1978, the following sequential analysis shall be employed to support the claim of exemption. For further clarification see Fig. 1. The analysis shall be done in the order listed starting with appropriate documentation that the unit was not rented on May 31, 1978, and that each step is not applicable to his circumstances before he may move on to the next step. Where the step is applicable but the evidence does not support the claim of exemption or where the landlord fails to prove the step is not applicable, the claim of exemption shall be denied.

1) For units in a structure which received its first Certificate of Occupancy prior to or on September 30, 1978, and which were occupied for the first time between June 1, 1978 and May 1, 1979 (the effective date of the Rent Stabilization Ordinance), a claim of exemption is established where the documentation submitted satisfies the Department that the first established rent collected between June 1, 1978 and May 1, 1979, met the requirements of Section 831.00 (a).

2) For units which were, on May 31, 1978, utilized or occupied by employees or other staff members of the landlord and here such units were provided as compensation for employee services, a claim of exemption is established where the assigned rental value met the requirements of Section 831.00 (a) and where such value is documented in a signed contract or similar documentation which covers May 31, 1978.

3) For units which were rented before and after May 31, 1978, a claim of exemption is established where the documentation demonstrates, that the unit rented at the requisite levels, set forth in Section 831.00 (a) immediately prior to and after May 31, 1978. Any discrepancies in the rent levels and any extended period of time between the dates for the rent levels shall be justified by the landlord to the satisfaction of the Department.

4) For the units where the preceding steps have been demonstrated by the landlord to not be applicable, a claim of exemption is established where the documentation demonstrates that all other comparable units within the building met the requirements of Section 831.00 (a).

   A comparable units is a dwelling unit as defined in LAMC Section 12.03 which contains the following equivalent measurable criteria:

   a) Square footage;
   b) number bedrooms;
   c) number of bathrooms;
   d) all other rooms and areas (e.g., dens, dining areas, kitchen, etc.);
   e) number of parking spaces;
   f) location (e.g., floor, view);

g) amenities, such as access to swimming pool(s), laundry facilities, or storage facilities; and

h) room enhancements, including but not limited to air conditioning, appliances, window coverings, carpeting, flooring, security systems, or furnishings.

The documentation submitted by the landlord which supports comparability of rental units must also include the rent levels and information concerning the criteria listed above (a through h) of all other units in the building. If any comparable dwelling unit in the building which was rented on May 31, 1978, does not qualify for exemption, any equivalent dwelling unit may not qualify for luxury exemption.

C. A certificate of exemption is a form issued by the Department upon satisfactory completion of the procedure by which the unit is verified as meeting the eligibility requirements. (LAMC 151.07A5). As of November 19, 1987, temporary certificates of exemption are no longer issued by the Department.

D. For the purpose of determining the number of bedrooms in a rental unit, the following definitions shall apply:

1) In all rental units larger than a no-bedroom unit the number of bedrooms shall be determined by the number of habitable rooms which can be used legally as sleeping rooms. However, rooms which on May 31, 1978, served as living rooms, dining rooms, foyers, closets, kitchens, dens, sun-porches, breakfast nooks, and other non-sleeping rooms or areas are not to be counted as bedrooms;

2) An “efficiency dwelling unit” as defined in LAMC 12.03 is a no-bedroom unit for the purpose of luxury exemption. “No-bedroom rentals units” commonly called singles, bachelors, executive singles or guest rooms are dwelling units where there was no separated bedroom on May 31, 1978;

3) In the event of a dispute as to the application or interpretation of sub-paragraph 1 or 2 above, the following factors, among others, may be used in making the determination:

i) whether the room is a habitable room as defined in LAMC 12.03 and 91.4911

ii) whether the habitable room had been designated as a bedroom in building plans, permits, applications or other documents filed with the City, or would be considered a bedroom by normal industry standards due to such characteristics as closets, access to a bedroom without going through another room, natural light, ventilation, acoustic and visual privacy, and size (i.e., not less than 7 feet in width and not less than 90 square feet);

iii) whether there is a documentary evidence from rental agreements, advertising, or other similar sources indicating that the landlord represented the room to be a bedroom during May, 1978;

iv) whether the room qualified as a bedroom under the Commission's guideline in effect from June 19, 1979, until the effective date of these regulations mandated by LAMC 151.07 A5. However, the fact that a unit qualified for exemption before the effective date of LAMC 151.07 A5, September , 1982, does not in itself mean that such a unit will remain exempt under the provisions of these regulations.

832.00 DETERMINATION OF RENT IN ROOM AND BOARD TENANCIES

832.01 In a room and board tenancy, the cost of food service shall be subtracted from the rent for the purpose of determining if a unit qualifies for a luxury exemption.

832.02 Where more than one tenant share a unit, the total cost of the unit less the cost of food service shall be divided by the number of tenants who occupied the unit for the purpose of determining if the unit qualifies for a luxury exemption.

832.03 The cost of food service shall be determined as follows:

a) If the food cost was standard in the facility for all tenants on May 31, 1978, and this amount was stated in literature available to tenants, at the time, that stated amount shall be the food cost to be subtracted from the total rent;

b) If food service was optional on May 31, 1978, for some but not all tenants, the cost of the optional food service shall be subtracted from the total rent of a unit where food service was not optional.

c) In the event that there was no published value for the food services on May 31, 1978, the food service cost shall be deemed to be:

i) 30% of the total rent for the unit where up to 13 meals per week were served;

ii) 40% of the total rent for the unit where 14-19 meals per week were served;

iii) 50% of the total rent for the unit where 20 or more meals per week were served;

d) In the event a landlord wishes to claim that food service costs were less than 30%, 40% or 50% of total rent as stated in (c) above, the landlord must fully complete the application form and comply with the requirements thereof.

e) The burden of proof for establishing the cost of food service when claimed to be other than as set forth in the sub-paragraph above shall be upon the landlord.

833.00 PROCEDURES FOR FILING APPLICATIONS

833.01 The landlord shall file an application on a form provided by the Department. A $25 filing fee shall be submitted along with an application for each building containing one or more units which exemption is based on luxury. (LAMC 151.07 A5)

833.02 The application form can be obtained from the Los Angeles Housing Department, 3550 Wilshire Boulevard, 15th Floor Los Angeles, CA 90010.

833.03 The landlord or the landlord's agent must complete and sign the application, and attest to the truthfulness of all information supplied by the landlord. The landlord mut attach to the application photocopies of all relevant documents which substantiate the rent(s) charged on May 31, 1978.

833.04 If an application is incomplete or lacks the required documents, the application and the filing fee will be returned with an explanation as to why the application cannot be accepted.

833.05 If an application is returned by the Department because of an error or missing documents, the landlord may re-submit the application with the necessary filing fee after correcting the error or obtaining the necessary documents.

833.06 In the event that a luxury exemption application is filed for a unit in a building in which one or more other units are subject to the Ordinance; the landlord must attach a photocopy of the landlord's rent registration certificate issued by the City.

833.07 The landlord, in completing the application, must list the name and mailing address of the tenant currently occupying the unit. If the unit is unoccupied at the time the application is made, the landlord must list the name and current mailing address, if known, of the last tenant occupying the unit. The landlord must also list the name of the tenant occupying the unit on May 31, 1978, and the tenant's current mailing address, if known. If the former tenant's address is unknown, the landlord must supply any available information from rental application, etc. that might assist the Department in locating the former tenant.

834.00 PROCEDURES FOR PROCESSING APPLICATIONS

834.01 The Departmental staff officer shall review the application and accompanying documents to determine if the request for an exemption certificate appears to meet the requirements of the Ordinance and the Commission's regulations.

834.02 Within 10 days of the receipt of a landlord's application for a luxury exemption, a copy of the landlord's application will be sent to the current tenant(s) and to the tenant(s) of record on May 31, 1978, along with a notice stating the tenant's right to object in writing and/or be heard before the department issues a permanent certificate of exemption. (LAMC 151.07 A5) Tenants will be requested to submit any evidence indicating that the units fails to meet the requirements for exemption. Examples of evidence that tenants might submit include, but are not limited to: rent records for the period covering May 31, 1978; documents stating that the landlord during May 1978 represented the unit as having a different number of bedrooms than the number indicated in the application for exemption; a sworn statement from the previous tenant stating what the rent was during May, 1978; court records indicating the some legal determination has already been made as to the number of bedrooms; and documents indicating the value of food costs in room and board tenancies.

834.03 The Department will complete the evaluation of the landlord's application for a permanent certificate not later than 60 days after it is received.

834.04 Following such evaluation, the Department shall approve, disapprove or modify the application. Notice of approval, disapproval or modification shall be provided in wiring to the landlord with copies to affected tenants.

834.05 Within 15 days following the mailing of such notice, either landlord or tenant(s) may appeal the Department's decision by filing a request for hearing of a form prescribed by the Department. Such notice will state the basis for appealing the decision. The Department will schedule a hearing no later than 30 days following submittal of the request for the hearing.

835.00 PROCEDURES FOR THE HEARING

835.01 At least 10 days prior to the hearing, the landlord and the tenants will be notified of the time and place of the hearing.

835.02 The hearing will be conducted by a hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony, written declarations and other evidence, all of which shall be submitted under oath.

835.03 Within 30 days following the hearing, the hearing officer will issue a decision to uphold, reverse or modify the Department's decision. A copy of the decision will be mailed to the applicant and all affected tenants.

835.04 If the hearing officer determines that a unit qualifies for a luxury exemption, the permanent certificate of exemption will be issued to the landlord.

835.05 If the hearing officer determines that the unit does not qualify as a luxury unit, the provisions of 836.02 836.03 and 836.04 shall apply.

835.06 There is no administrative appeal from the decision of a hearing officer.

836.00 PROCEDURES AFTER FINAL APPROVAL OR DISAPPROVAL OF A LUXURY EXEMPTION CERTIFICATE APPLICATION

836.01 If no objection is received by the Department with 15 days of notice of approval of the application, a permanent certificate of exemption will be issued.

836.02 If the Department disapproves any unit listed in the application or an exemption is not granted after an appeal hearing:

a) The landlord will be notified of the obligation to register the unit and to pay all past registration fees and penalties.

b) The landlord will be notified of the legal obligation to determine the maximum adjusted rent permitted for the units subject to the Ordinance. A copy of this notice will be sent to the current tenant of the unit.

836.03 In the event that the landlord has collected rents higher than that permitted for a unit subject to the Ordinance, the landlord must refund to all tenants so charged since May 1, 1979, all amounts in excess of the legal rent.

836.04 If the landlord fails to return such amounts in excess of the legal rent, tenants may file a criminal complaint with the Department and/or avail themselves of the civil remedies provided under LAMC 151.01 A.

[S:LATEST P.I. BULLETINS\RAC - #28 -Luxury Exemption Certificate.WPD- January 20, 2005 - HMV

FOR DEPT USE ONLY

FILE NO. _____

CITY OF LOS ANGELES
LOS ANGELES HOUSING DEPARTMENT
RENT STABILIZATION DIVISION
3550 Wilshire Boulevard, 15th Floor
LOS ANGELES, California 90010
(866) 557-RENT OR (866) 557-7368

LUXURY HOUSING ACCOMMODATION EXEMPTION APPLICATION

(Please Print or Type - Use Black Ink Only)

1. NAME OF LEGAL OWNER (LAST) (FIRST) (M.I.)
2. OWNER'S MAILING ADDRESS - CITY & STATE & ZIP CODE (INCLUDE 5 DIGITS + 4 DIGIT CODE)
3. NAME OF OWNER'S AGENT (IF APPLYING IN OWNER'S NAME)
4. AGENT'S MAILING ADDRESS-CITY & STATE & ZIP CODE (INCLUDE 5 DIGITS + 4 DIGIT CODE)
5. OWNER'S DAYTIME PHONE NUMBER WITH AREA CODE 6. AGENT'S DAYTIME PHONE NUMBER WITH AREA CODE
7. SUBJECT PROPERTY ADDRESS (STREET NUMBER AND COMPLETE STREET NAME) CITY & ZIP CODE
8. TOTAL UNITS IN BUILDING 9. UNITS CLAIMED EXEMPT 10. REGISTRATION NUMBER OF SUBJECT PROPERTY
ONLY ONE UNIT PER APPLICATION. LIST THE UNIT (by specific unit number or street number designation if this is applicable) WHICH QUALIFIES FOR EXEMPTION AS A LUXURY HOUSING ACCOMMODATION UNDER SECTION 151.02 L.A.M.C. LIST THE NUMBER OF BEDROOMS WITHIN THE UNIT. SPECIFY THE AMOUNT OF RENT MONIES COLLECTED FOR THIS UNIT ON MAY 31, 1978. IDENTIFY THE CURRENT TENANT & THE TENANT LIVING IN THE UNIT AS OF MAY 31, 1978. ALL SUPPORTING DOCUMENTS MUST BE ATTACHED TO THIS APPLICATION.
11. ADDRESS/NUMBER OF SUBJECT UNIT 12. NUMBER OF BEDROOMS 13. RENT COLLECTED FOR UNIT ON MAY 31, 1978
14. NAME OF CURRENT TENANT & STREET ADDRESS (WITH UNIT#) CITY, STATE & ZIP CODE 15. NAME OF TENANT ON MAY 31, 1978
16. SIGNATURE OF OWNER OR AUTHORIZED AGENT: 17. DATE SIGNED

[S:\LATEST P.I. BULLETINS-RAC 830 -#28 -\LUXURYEXEMPTIONFORM.WPD- January 20, 2005-HMV

RENT Stabilization

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES MÁRQUEZ, GENERAL MANAGER

Los Angeles Housing Department - Rent Stabilization - Customer Service and Information

3550 Wilshire Blvd., 15th Floor
Los Angeles, CA 90010

3415 S. Sepulveda Blvd., #150
Los Angeles, CA 90034

6640 Van Nuys Blvd.
Van Nuys, CA 91405

8475 South Vermont Avenue, 2nd Floor
Los Angeles, CA 90044-3424

690 Knox Street, #125
Los Angeles, CA 90502-1305

P.O. Box 17280, Los Angeles, CA 90017-0280
866-557- RENT - 866-557-7368
www.lacity.org/lahd

MANAGERS AS TENANTS
EFFECTIVE DATE 11/17/82
AMENDED 4/23/92

920.00 MANAGERS AS TENANTS

921.00 DEFINITIONS

921.01 Manager-tenant: A resident manager has tenant status when he/she receives free rent and no additional compensation, partially free rent, or partial rent and paid compensation. For the purposes of these regulations, tenants who perform managerial duties for compensation will be referred to as manager-tenants. Manager-tenants are subject to all provisions of the Rent Stabilization Ordinance (RSO).

921.02 Employee-manager: Any person who is required to reside on the premises as a condition of employment who receives compensation in the form of a free rental unit plus additional income. Such compensation shall meet the minimum wage standards of the State of California or the Federal Government, whichever is greater. In the absence of a written agreement which creates a right of tenancy, the employee-manager may be an employee at will and may not be subject to the protection of the RSO.

921.03 Decontrolled unit: For a rental unit voluntarily vacated by all the tenants or as a result of an eviction or temporary termination of tenancy based on one or more of the grounds described in LAMC Section 151.09 A1, A2, or A9. (LAMC 151.06C)

921.04 Controlled unit: For a rental unit that continues to be rented to one or more of the same tenants or if the rental unit was vacated as a result of eviction or termination of tenancy based on one or more of the grounds described in LAMC Section 151.09 A3, A4, A5, A6, A7, A8, A10, or A11.

921.05 Manager's duties and responsibilities: a manager, janitor, housekeeper or other responsible person shall reside upon the premises and shall have charge of every apartment house in which there are 16 or more apartments, in the event that the owner of any such apartment house or hotel does not reside upon said premises. If the owner does not reside upon the premises where there are more than four but less than 16 units, a notice stating the name and address of the owner should be posted on the premises.

922.00 MANAGER'S UNIT SUBJECT TO REGISTRATION

Any rental unit subject to the Rent Stabilization provisions of the LAMC which is occupied by a manager-tenant or employee-manager of the landlord must be registered with the City and the fees paid as specified in LAMC 151.05.

923.00 AUTOMATIC RENT INCREASES DURING EMPLOYMENT

Whenever, under the rental agreement between the landlord and a resident manager, the manager must make partial rent payments to the landlord, only such partial rent payments shall be subject to the automatic increases allowed under the Ordinance. Pursuant to State law, Civil Code Section 827, a 30-day written notice must be served prior to any changes in terms of tenancy.

924.00 RENT LEVEL DETERMINATIN FOR THE MANAGER'S UNIT

Whenever a manager-tenant or employee-manager wishes to maintain occupancy or does not maintain occupancy of the unit after termination of the management services, the maximum adjusted rent for the unit shall be established by the following procedure: (LAMC 151.08 E)

924.01 WHERE A UNIT IS DECONTROLLED PRIOR TO OCCUPANCY (924.02-924.06)

924.02 WHERE A PREVIOUS TENANT <u>WAS NOT</u> EVICTED TO MOVE IN AN EMPLOYEE-MANAGER:

In the case of an employee-manager who in good faith is provided with both paid compensation and free living accommodations in exchange for managerial services, when the employee-manager wishes to remain as

a tenant upon termination of the managerial services, the landlord may establish any rent level the landlord wishes for the former employee-manager or he/she may be terminated without ground. If the landlord retains the former employee-manager as a tenant, the unit is now controlled under the provisions of the RSO.

924.03 WHERE A PREVIOUS TENANT WAS NOT EVICTED TO MOVE IN AN MANAGER-TENANT:

The landlord can establish the market level rent on a unit that is to be occupied by a manager-tenant if the unit was decontrolled at the time the manager-tenant moved into the unit. Because tenancy has been established, the unit is no longer decontrolled and is subject to the provisions of the RSO. Therefore, if the managerial services are terminated, the rent is returned to the established rent level, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the Rent Adjustment Commission pursuant to LAMC 151.08. To clearly establish the rent of the unit, it is best for the landlord to first state the market rent in a written contract.

924.04 In the event the landlord does not wish a manager-tenant to continue as a tenant in the unit after termination of the management services agreement, the landlord must show good cause for eviction under LAMC 151.09, including written notice, before the tenancy of the former manager-tenant can be terminated.

924.05 If the manager-tenant ceased to serve as manager-tenant at his/her own volition and quit the unit voluntarily, the unit may be re-rented at any level. (LAMC 151.06 C)

924.06 If a landlord terminates the services of a manager-tenant, and if the landlord subsequently wishes to evict the manager-tenant, the manager-tenant's unit is subject to all the provisions of the RSO.

924.07 WHEN A UNIT IS CONTROLLED PRIOR TO OCCUPANCY (924.08 - 924.14)

924.08 WHERE A PREVIOUS TENANT WAS EVICTED TO MOVE IN A MANAGER-TENANT OR EMPLOYEE-MANAGER:

Where a landlord evicts a tenant to move in a manager-tenant or employee-manager, upon termination of the managerial services, the rent for the unit must be returned to the rent level of the previous tenant pursuant to LAMC 151.06 C4, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 15108, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08.

924.09 Prior to occupancy of the new manager-tenant or employee-manager, in establishing the maximum rent of the rental unit, the maximum rent shall not exceed the rent paid by the previous tenant who was evicted for LAMC 151.09 A8.

924.10 WHERE A PREVIOUS TENANT BECAME MANAGER-TENANT OR EMPLOYEE-MANAGER:

If the manager-tenant or employee-manager was a tenant in the unit before being appointed manager-tenant or employee-manager, the rent shall be that rent in effect for the month immediately preceding: 1) the date of the appointment as manager-tenant or employee-manager or 2) May 31, 1978, whichever is later, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08. (Please refer to 925.01)

924.11 If the manager-tenant or employee-manager was evicted under LAMC provisions 151.09, A1, A2, or A9 (with re-rental certificate), the unit may be re-rented at any level. (LAMC 151.06 C)

924.12 In the event the landlord does not wish a manager-tenant or previous tenant who became an employee-manager to continue as a tenant in the same unit after termination of the management services agreement, the landlord must show good cause for eviction under LAMC 151.09, including written notice, before the tenancy of the former manager-tenant or employee-manager can be terminated.

924.13 If a landlord terminates the services of a manager-tenant or employee-manager, and he/she remains as a tenant and if the landlord subsequently wishes to evict them, the unit is subject to all the provisions of the RSO.

924.14 If a landlord terminates the services of a manager-tenant or employee-manager and at the same time evicts the manager-tenant or employee-manager based on grounds described in LAMC Section 151.09 A3, A4, A5, A6, A7, A10 or A11, the unit must be rented at the same level as if the former manager-tenant or employee-manager had stayed on as a tenant. The good faith requirements specified in RAC regulations 610.00 and 926.01 apply in such cases.

925.0 ACCESS TO RENT RECORDS

The rent records used by the landlord in calculating the maximum rent for a former manager-tenant or employee-manager who wishes to remain a tenant after termination of management services according to the formula

described in RAC regulation 925.01 below, must be made available to the former manager-tenant or employee-manager at the time the landlord sets the rent for continuing occupancy.

925.01 Where the establishment of rents from May 31, 1978 are not readily identifiable (924.10), the courts may determine the legal rent for the rental unit by using the following criteria:

a) The rent for the unit shall be equal to the average rent of all comparable units in the building as of May 31, 1978, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08.

b) If there are no comparable units in the building to that occupied by the former manager-tenant, then the rent for the unit occupied by the former manager-tenant shall be equal to the average rent of all units in the building on May 31, 1978, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08, but

c) If because of a change of ownership, the current landlord cannot determine the rent levels in the building on May 31,1978, the current owner may set a rent on the former manager's or agent's unit equal to comparable units in the immediate vicinity as of May 31, 1978, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08.

d) Notwithstanding the above, if the landlord has sufficient proof that the subject unit had higher rent before the employment of the manager-tenant than that rent which is allowable by the above computations, then that higher rent shall prevail, plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08.

926.00 GOOD FAITH REQUIREMENTS FOR EVICTION OF MANAGER-TENANT OR EMPLOYEE-MANAGER WHO WAS PREVIOUSLY A TENANT IN THE BUILDING UPON TERMINATION OF MANAGERIAL SERVICES

926.01 In all matters of interpretation and implementation of this regulation, the landlord shall be required to act in good faith with respect to the manager-tenant or employee-manager who was a previous tenant. The following factors, among others, shall be relevant to this determination of good faith:

a) Landlord's reason(s) for termination of the managerial services agreement;

b) Length of tenancy prior to assumption of manager-tenants or employee-manager's duties;

c) Length of tenant'[s period of service as manager-tenant or employee-manager;

d) Amount of rent paid by the tenant prior to becoming manager-tenant or employee-manager;

e) Amount of rent to be paid by the tenant after termination of management services agreement;

f) Any significant changes in the duties or responsibilities of the manager-tenant or employee-manager;

g) Requiring a tenant to move to a different unit upon becoming manager-tenant or employee-manager;

h) Any change in the historical patterns of designation of the manager-tenant or employee-manager's unit;

i) Whether another unit in the same building is vacant and offered to the tenant upon termination of the management services agreement;

j) Where a building has an existing manager-tenant or employee-manager, the owner may only evict the existing manager-tenant or employee-manager to replace him/her with a new manager-tenant or employee-manager;

k) Where a landlord, within six months after the first date of hire, terminates the services of an employee-manager or manager-tenant who has moved from a controlled unit to a unit designated as the manager's unit to perform managerial services and wishes to remain as a tenant; the landlord must provide; in good faith, a comparable unit in the building, if a vacancy exists. The rent for the unit shall be the rent in effect for the month immediately preceding the date of appointment as manager-tenant or employee-manager plus any rent increases per year pursuant to LAMC 151.06, 151.07, and 151.08, less any reductions required by regulations promulgated by the RAC pursuant to LAMC 151.08.

RENT Stabilization

ANTONIO R. VILLARAIGOSA, MAYOR
MERCEDES MÀRQUEZ, GENERAL MANAGER

Los Angeles Housing Department ⌂ Rent Stabilization - Customer Service and Information

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SUBSTANDARD HOUSING - RELIEF REGULATIONS
EFFECTIVE DATE 5/20/82

940.00 **SUBSTANDARD HOUSING - RELIEF REGULATIONS**

940.01 A landlord whose building has been identified as substandard, and for which a notice of non-compliance has been sent to the Franchise Tas Board pursuant to Section 17299 of the Revenue Code, is not eligible to raise rents under the automatic annual increase provisions of LAMC 151.05 until such time as the public agency which issued to notice determines that the rental unit has been brought to a condition of compliance. (LAMC 151.06D)

940.02 However, where the landlord has corrected all hazardous of life endangering conditions and is now making a good faith effort to correct the remaining deficiencies, the landlord may apply to the Department for relief from the restriction imposed by LAMC 151.06 D in accordance with the standards, policies, and procedures listed below. (LAMC 151.06D)

940.03 A landlord must submit evidence and information that will demonstrate conclusively that the landlord has made and is making a good faith attempt to correct all remaining deficiencies. Among the factors that a landlord may use to prove this good faith effort are the following:

a. that the landlords has made a serious effort to correct the deficiencies that could be made easily and without major express;

b. that the landlord is in the process of correcting deficiencies that are more difficult to correct or that require large financial investment;

c. that where total compliance may be difficult and expensive, partial compliance has been attempted;

d. that the landlord has a timetable for correcting all remaining deficiencies;

e. that the landlord has obtained or is attempting to obtain financing for deficiencies that will be expensive to correct;

f. that compliance has been prevented or delayed by changes in Federal State or City laws that increase the cost of compliance or have added to the difficulty of correction;

g. that the current owner did not own the property at the time of citation or at the time the notice was sent to the Franchise Tax Board, and that the new owner has made significant progress in correcting deficiencies since the purchase of the property;

h. that the owner agrees to place any rent increase permitted under LAMC Section 151.06 in an escrow account for the sole purpose of paying for deficiencies not yet corrected;

i. that a significant cause for the landlord's inability to correct deficiencies is due to vandalism or other damage to the property not the fault of the landlord;

j. that the number of deficiencies for which the landlord was cited, by reason of the volume alone, have made it impossible to correct all deficiencies at the time the relief application is made;

k. that some or all of the deficiencies are the result of citations under recent changes in codes not originally applicable to the building.

941.00 **APPLICATION FOR RELIEF**

941.01 To obtain relief from the prohibition against raising of rent otherwise permitted by LAMC Section 151.06, the landlord must obtain written permission of the Department.

941.02 The landlord may obtain written permission by completing an application and mailing it to the City at the address listed on the application. The application to the building form is titled:

"**SUBSTANDARD RELIEF APPLICATION**"

941.03 There is no charge to a landlord for application for relief from the prohibition of LAMC 151.06.

941.04 In no event will relief be granted until the landlord has registered the units as required by law. The landlord must attach to the application a photocopy of the landlord's registration certificate issued by the City or A photocopy of the canceled check or a receipt from the City showing that the registration fee required by LAMC Section151.06 A has been paid.

941.05 Photocopies of all pertinent information possessed by the landlord must be attached to the application . These include, but are not limited to;

a. the original citation from the public agency which noted the deficiencies and ordered the landlord to make improvements;
b. the notice of non-compliance sent to the Franchise Tax Board;

c. any court orders issued relative to the improvements demanded by the public agency ;

d. citations from appropriate provisions of Federal, State, or City law that might mitigate the demand for improvements made in the original citation of the public agency or in the notice on non-compliance.

e. invoices, bids, financial documents, cancelled checks and any other relevant papers related to compliance with the original citation.

941.06 Materials attached to the application will not be returned. When a photocopy of a document is submitted, the landlord must upon the request of the Department, show to the Department or to a hearing officer, the original document from which any photocopy was made. The landlord may photographs, if such exist, of the property and the cited offenses, that would assist the Department in expediting the landlord's application.

941.07 The landlord may not make any rent increase permitted by LAMC 151.06 until such time as the landlord has either complied fully with the original citation and the agency which issued the complaint has certified that the landlord is in compliance, or the Department has certified that the landlord has demonstrated good faith and can legally raise rents as permitted in LAMC 151.06.

942.00 PROCEDURES TO BE FOLLOWED BY THE DEPARTMENT IN PROCESSING A SUBSTANDARD RELIEF APPLICATION

942.01 A Department staff officer will review the application to determine if the landlord has supplied the necessary documents required to meet all the requirements of the Ordinance and the Commission's regulations.

942.02 In the event that an application lacks required documents or there is clear evidence that the applicant is not eligible to apply for relief, the application will be returned with an explanation as to why the application cannot be accepted.

942.03 If an application is returned by the Department because of missing documents, the landlord may re-submit the application after obtaining the necessary documents.

942.04 Unless suspended as specified below, a recommendation will be made to the Rent Adjustment Commission by the Department to allow or disallow the landlord application for relief within 45 days from the date of receipt of the application.

942.05 Where the Department initially accepts the application but later finds incomplete documentation, the application may be suspended for a 30 day period (or longer with the landlord's consent) commencing upon the date of mailing of the notification to the landlord of the documentation or other information needed.

942.06 The Department will notify the citing agency and each tenant listed in the application that the landlord has requested relief from the prohibition against raising rents otherwise permitted by LAMC Section 151.06. This notification will include a photocopy of the face sheet of the application so the tenants will know the basis of the landlord's claim to relief based on "good faith" efforts to correct the cited offenses.

942.07 The tenants will be notified by the Department that they have 10 days from the date of mailing of such notification to object to the granting of relief. These objections must be made on grounds related to the relief application. Objections cannot be made on frivolous grounds, or on grounds unrelated to the cited deficiencies. For example, if a tenant charges that the landlord had made an illegal reduction of services unrelated to the citation for deficiencies, or that the landlord had illegally raise the rent prior to the report of the deficiencies to the Franchise Tax Board, these objections would not be considered by the Department or Commission in granting or not granting relief. Only "good faith" efforts to comply with the deficiencies noted in the citation, the notice of which was forwarded to the State Franchise Tax Board, will be considered and acted upon. Examples of legitimate complaints would be cases where the landlord had illegally raised the rent under the automatic increase provisions after the Franchise Tax Board had been notified, or where the landlord had not made the attempts to end the deficiencies claimed in the application.

942.08 Written tenant responses which have a hearing on the Department

recommendation and any factors presented at any informal hearing will become part of the public record. Tenant complaints that are unrelated to the cited deficiencies will be sealed and will not be available to other parties.

942.09 The Department staff member handling the application may contact the landlord, the tenants, or any person of firm listed in the documentation supplied by the landlord. The citing agency will also be contacted for a report on the current status of the citation.

942.10 If an application is suspended, as provided in 942.05 above, and at the end of the suspension time the landlord has not supplied the information or documents requested by the Department, the Department will make a recommendation to the Commission on the basis of the information and documents already supplied.

943.00 **PROCEDURES TO BE FOLLOWED AFTER THE DEPARTMENT REPORT AND RECOMMENDATION IS SUBMITTED TO THE RENT ADJUSTMENT COMMISSION**

943.01 The Department report and recommendation on a substandard relief application will be submitted to the Rent Adjustment Commission within the time limits prescribed in 942.02, 942.05, and 942.10 above.

943.02 A copy of the report and recommendation will be mailed to the Commission and the parties at least 10 days prior to the meeting with notice of the date and time of the Commission meeting at which the report will be considered.

943.03 When the Commission considers the recommendation, the Commission shall permit brief oral statements by the parties, for a period of time to be determined by the Commission, and may, in its discretion, receive newly discovered evidence or remand the matter to the Department of Hearing Officer for an evidentiary hearing.

943.04 The Commission may accept, reject, or modify the Department recommendation; or order a hearing to be conducted by a hearing officer to be selected by the Department; or order a hearing to be conducted by a Hearing Board consisting of at least three Commissioners.

943.05 If a hearing is held by a Commission Hearing Board, the decision of that Board shall be made no later that 20 days following hearing and shall be final.

943.06 If a hearing is conducted by a hearing officer, the report and recommendation of the hearing officer shall be submitted to the Commission. The hearing shall be held and the report and recommendation of the hearing officer shall be

submitted to the Commission not later than 20 days after the hearing is ordered by the Commission consideration according to the procedures established in 943.02, and 943.03 above. Following consideration by the Commission, the Commission shall accept, reject or modify the hearing officer's recommendation.

943.07 If there is no quorum at the Commission meeting at which a relief application is scheduled for consideration, the item will be held over or scheduled for a special meeting, as the chairperson of the Commission may direct.

943.08 If the Commission approves an application for relief from the prohibition of LAMC 151.06 D, the landlord may increase the rents under the automatic increase provisions of the Ordinance, subject to whatever conditions may be contained in the Commission approval to ensure the continued good faith efforts of the landlord to correct completely all cited offenses.

943.09 Relief shall be limited to one calendar year from the date on which the relief application is approved by the Commission. Landlords must reapply for relief for subsequent years.

943.10 There is no administrative remedy from the decision of the Commission or a Commission Hearing Board in a relief application.

[S:\PUBLIC INFORMATION BULLETINS\RAC- #31Substandard Housing-Relief Regs-WPD-FEB 2005 - HMV]

CITY OF LOS ANGELES
CALIFORNIA

OCCUPANCY LIMITS
EFFECTIVE DATE 3/20/87

950.00 OCCUPANCY LIMITS

950.01 Pursuant to LAMC 91.0102(a), a landlord shall not permit the number of persons who occupy a rental unit to be in excess of occupancy limits set by the Los Angeles Municipal Code.

950.02 These regulations are legally applicable only to units subject to the City's Rent Stabilization Ordinance (RSO), LAMC 151.00 et. seq. However, the Los Angeles Municipal Code imposes occupancy limits on many units not subject to te RSO, so that property owners, tenants, public officials and the courts may find some of these regulations helpful in resolving problems related to over occupancy in units not subject to the RSO.

951.00 DEFINITIONS:

a. OCCUPANCY LIMIT- The maximum number of persons permitted to use, for sleeping purposes, any unit subject to the RSO, pursuant to LAMC 91.1207 and LAMC 91.1208.

b. OCCUPANT- A tenant, subtenant, lessee, sublessee, or any other person entitled to use or occupancy of rental unit, plus any guest or visitor who is temporarily using or occupying a unit for sleeping purposes.

c. OVERCROWDED UNIT- Any rental unit subject to the RSO in which the number of occupants exceeds the occupancy limit as defined in these regulations.

952.00 MAXIMUM NUMBER OF OCCUPANTS

952.01 Pursuant to LAMC 91.1207 (b), every dwelling unit shall have at least one room

which shall have not less than 150 square feet of floor area. Other habitable rooms of the dwelling unit, including rooms used for sleeping purposes, shall have area of not less than 70 square feet; provided however, that this requirement shall not apply to kitchens. If more than two persons occupy a room used for sleeping purposes, then the required floor area shall be increased at the rate of 50 square feet for each occupant in excess of two. An efficiency dwelling unit must have not less than 220 square feet of superficial floor area. An additional 100 square feet of superficial floor area must be provided for each occupant in excess of two. Other requirements for efficiency dwelling units unrelated to floor area are provided in LAMC 91.1208.

952.02 Nothing in these regulations shall prevent or prohibit a landlord from establishing in a written or oral tenancy agreement a maximum number of occupants permitted in a rental unit which is less than the occupancy limit permitted by the Los Angeles Municipal Code.

952.03 Nothing in these regulations shall prevent or prohibit a landlord from establishing in a written or oral tenancy agreement a limitation for the length of time a guest or visitor may temporarily reside in a rental unit.

953.00 REQUIREMENT FOR LANDLORDS TO NOTIFY TENANTS OF OCCUPANCY LIMITS

953.01 A landlord subject to the Rent Stabilization Ordinance who demands or accepts rent for a rental unit shall give written notice to the tenant of such unit of the maximum number of occupants allowed under LAMC 91.1207 and LAMC 91.1208. These sections do not apply to mobilehomes where rent is paid only for the land upon which the mobilehome is located (LAMC 151.01H)

953.02 The notice required by these regulations shall be in writing and me be wither a separate written notice or made part of the written tenancy agreement. The notice shall be in English and, if any other language was used predominantly during the negotiation of the tenancy agreement or if the tenancy agreement is in any other language, the notice shall also be in such language. The notice shall not be given in a manner so as to obscure or detract attention from the information required to be disclosed. No specific form of such notice is required, but the notice shall contain the following information: (a) the maximum number of occupants allowed under LAMC 91.1207 or LAMC 91.1208; and (b) a warning of the potential consequences for a tenant who allows the occupancy of the rental unit to exceed the occupancy limit.

953.03 The Department may provide form notices which when properly completed by the landlord shall be deemed to comply with notification requirements of these regulations.

953.04 For tenancies in effect on or before May 31, 1987, the landlord shall give te notice of maximum occupancy required by these regulations and LAMC 151.05 H on or before May 31, 1987. For tenancies which commence on or after June 1, 1987, and for tenancies where a new written rental agreement is executed on or after June 1, 1987, the notice of maximum occupancy required by these regulations and LAMC

151.05 H shall be given to the tenants by the landlord at the time such tenancies commence or whenever new written rental agreements are executed.

953.05 If an existing rental agreement permits more persons to occupy a rental unit that is permitted under LAMC 91.1207 or 91.1208, and where the number of tenants is reduced to or below the occupancy limit, such a reduction would constitute a reduction of services. Following the removal of persons to a number at or below the occupancy limit, the rent would have to be reduced pursuant to the Rent Adjustment Commission's Reduction in Housing Services regulations (RAC 410.00 et. seq.). Any changes in the tenancy agreement become effective only after the notice requirements of state law have been satisfied.

953.06 Unless specifically stated in the notice or in any rental agreement in which the notice is contained, the notice required by these regulations does not create a contractual agreement as to the maximum number or persons who may reside in or occupy the unit for sleeping purposes.

953.07 A landlord shall provide the tenant with the original or a true copy of the notice required by these regulations at the time the landlord gives such notice. The Commission recommends that landlords retain a copy of any document containing such notice, dated and signed or initialed by the tenant, as proof of compliance with these regulations.

953.08 It is the responsibility of te landlord to calculate, in good faith, the occupancy limit for each rental unit. Good faith on the part of the landlord is demonstrated where the landlord utilizes the following guidelines:

a. The maximum occupancy shall be calculated on an individual room by room basis. The floor area of each habitable room shall be measured, and the maximum number of occupants shall be calculated for such room using the formula in LAMC 91.1207 (or for efficiency units in LAMC 91.1208) [RAC 952.01]. The maximum occupancy for the rental unit shall be the sum of the maximum number of occupants for each habitable room.

b. A habitable room is any room with a floor area of not less than 70 square feet. A living room or a dining room of sufficient are is considered a habitable room. Bathrooms, toilet compartments, closets, halls, storage or utility space are not considered habitable areas.

c. The measurement shall be on the basis of the floor area. Therefore, any installed fixtures (e.g., cabinets resting on or attached to the floor) shall not be included as part of any measurement of floor area.

954.00 EVICTIONS OF TENANTS FOR VIOLATIONS OF OCCUPANCY LIMITS OR RENTAL AGREEMENT PROVISIONS GOVERNING NUMBER OF TENANTS

954.01 Where a rental agreement limits the number of persons who may reside in or

occupy a rental unit for sleeping purposes, and where the landlord has not consented, either expressly or by implication, to an occupancy level in excess of the tenancy agreement level, and where enforcement of such limitations is not contrary to Federal, State or Local law, if the tenants violate such provisions of the tenancy agreement, the landlord may thereafter evict the tenants by using the Just Cause for Eviction ground listed in LAMC 151.09 A2 (“The tenant has violated a lawful obligation or covenant of the tenancy ... and has failed to cures such violation after having received written notice thereof from the landlord.”)

954.02 Where a rental agreement does not limit the number of persons who may reside in or occupy the unit for sleeping purposes, or where a landlord has consented, either expressly or by implication, to an occupancy level in excess of the occupancy limit of these regulations, if the tenants exceed the occupancy limit of these regulations the landlord may thereafter evict the tenants by using LAMC 151.09A4 (“The tenant is using or permitting a rental unit to be used for an illegal purpose.”), after, and only after, the following provisions have been complied with:

a. The landlord has complied with the notice requirements purusant to RAC 953.00 et. seq.; and

b. The tenants have been served with a written notice of their violation and have failed to comply by reducing the number of occupants to a number at or below the occupancy limit requirement within 30 days of such notice; and

c. The landlord has offered, in good faith, to the tenants a comparable unit or units which would enable the tenants to comply with the occupancy limit requirements.

954.03 The requirements of subdivisions (b) and (c) of RAC 954.02 do not need to be complied with by the landlord if both of the following circumstances exist:

a. The landlord has consented, either expressly or by implication, to an occupancy level in excess of the occupancy limit of these regulations; and

b. The landlord can show that the tenants had not exceeded the occupancy limit until after the receipt of the notice given pursuant to RAC 953.00 et. seq.

955.00 GOOD FAITH BY LANDLORDS

955.01 Whenever appropriate, the individual good faith requirements listed in the Commission’s Good Faith Regulations (RAC 600.00 et. seq.) Shall apply for evictions based on overcrowding.

955.02 In addition to the good faith requirements noted above, the following shall also be considered:

a. Whether the landlord offered the comparable unit at the earliest possible time, or withheld the offer of such unit until the end of the compliance period provided in RAC 954.02 b;

b. Whether the landlord offered only a comparable unit renting at market level and failed to offer a comparable unit with a lower rent level;

c. Where a rental unit with the same level of amenities was not available, whether the landlord offered a rental unit with a different level of amenities;

d. Where a comparable unit was not immediately available but where the landlord knew or should have known that a comparable unit was reasonably expected to become available within the next 90 days, wether the landlord offered the tenants the right to first refusal on the comparable unit expected to become available;

e. Whether the landlord unreasonably denied the tenants of the overcrowded unit their choice of which occupants from the overcrowded unit would be allowed to move into the comparable unit;

f. Whether the landlord unreasonably and without just cause refused to accept the proposed tenants for the comparable unit, and whether the landlord has failed to discuss with the tenants of the overcrowded unit whether or not there are occupants in the overcrowded unit who would meet the landlord's critereia;

g. Whether the rent charged for the comparable unit immediately prior to its availability is substantially lower than the rent sought by the landlord for its use as a comparable unit; or

h. Whether the landlord informed the tenants of the overcrowded unit of the reduction of rent, if any, which would accompany the reduction of the number of tenants in the overcrowded unit.

956.00 GOOD FAITH REQUIREMENTS BY TENANTS

956.01 In addition to the good faith required by landlords, the Commission recommends the Court balance, where appropriate, the good faith on the part of the tenants.

956.02 The Commission recommends that the Court examine carefully:

a. Whether the tenants prevented reasonable access to the unit by the landlord in order to conceal the overcrowded conditions;

b. Whether the tenants, without the expressed or implied permission of the landlord, sublet all or part of the unit, with a resulting

overcrowding of the rental unit;

c. Whether the overcrowded condition has constituted a nuisance to the other tenants in the rental complex; or

d. Whether the tenants have unreasonably refused to accept a comparable rental unit or units in the same rental complex offered to them in good faith by the landlord.

957.00 RECOMMENDATIONS ON RECORD KEEPING

957.01 The Commission recommends that all owners of property subject to occupancy limits (both those subject to the RSO and those exempt) maintain a permanent record of the maximum number of occupants that can reside in each rental unit. The record should be kept upon the premises of any building where a resident manager is required by state law or City ordinance. In smaller buildings not requiring a resident manager, the location of the landlord's permanent record of occupancy limits should be posted in a conspicuous place in a public area of the building.

957.02 The Commission recommends that the permanent record of occupancy limits, as well as the copies of notices concerning such limits which have been provided to the current tenants, should be accessible during normal business hours to police, fire, or health officials, to officers, and to investigators of the Rent Stabilization Division.

S:\LATEST P.I. BULLETINS - RAC 950 - Occupancy Limits - Dec. 22, 2004 - HMV

RENT Stabilization

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RELOCATION ASSISTANCE ESCROW ACCOUNTS

Under what conditions must landlords provide relocation assistance?

The following require landlords to provide monetary relocation assistance in all of these cases:

- When they are evicted due to condominium conversion or for commercial use of the property. (Landlords must file a ***Landlord Declaration of Intent to Evict*** prior to giving notice to tenants).

- When the landlord evicts for the occupancy of her/himself, spouse, parents, children or for a resident manager. (Amended by Ord. no. 166,130 Eff. 9/8/90) (Landlords must file a ***Landlord Declaration of Intent to Evict*** prior to giving notice to tenants).

- When the unit requires eviction for Major Rehabilitation. (Landlords must file a ***Landlord Declaration of Intent to Evict*** prior to giving notice to tenants).

- When the unit is permanently removed from the rental housing market or requires eviction for Demolition. (A ***County Recorded Memorandum*** must be filed congruently with the ***Landlord Declaration*** specifically for these two reasons AND tenants must receive120 day notice. **(See further instructions in ordinance 173,868 Eff. 5/16/2001)**

960.00 RELOCATION ASSISTANCE ESCROW ACCOUNTS – REGULATIONS
Effective June 22, 1993

960.01 Definitions:

a. A "QUALIFIED" TENANT is one who is:

1) age 62 or over;

2) handicapped as defined in the California Health and Safety Code Section 50072;

3) disabled as defined in Title 42 United States Code Section 423; or

4) a person residing with and on whom is legally dependent (as determined for federal income tax purposes) one or more minor children.

b. ESCROW ACCOUNT - An account established by the landlord, in an institution described in 960.07, in the name of the tenant(s) being evicted to be paid to said tenant(s) in accordance with written instructions given by the landlord.

c. PRO RATA SHARE - The amount each tenant receives of the relocation assistance payment in accordance with the following:

1) Where there is no qualified tenant, each tenant shall receive an equal portion of the total relocation assistance; or

2) Where there is one or more qualified tenants, all tenants will share equally in that portion of the relocation assistance not attributable to a qualified tenant and only qualified tenants share equally in that portion attributed to qualified tenants.

960.02 Pursuant to LAMC 151.09G these guidelines regulate escrow accounts permitted for relocation assistance mandated for certain "no-fault" evictions permitted by LAMC 151.09 A8, A9, A10, or A11.

960.03 The landlord shall file with the Department the eviction declaration forms required by LAMC 151.09C for evictions permitted by LAMC 151.09 A8, A9, A10 or A11.

960.04 The landlord shall provide to the tenant a copy of the declaration filed with the Department, at the same time the landlord gives the tenant written notice to quit.

960.05 The landlord must pay each tenant in the rental unit a pro rata share of the required relocation assistance, $8,200 for a unit where at least one tenant is a "Qualified" tenant and $3,300 for a unit where no tenant is a "Qualified" tenant, no later than 15 days after serving the written notice to quit or as otherwise provided for by the Rent Stabilization Ordinance. The landlord may ask for reasonable proof that a tenant meets the definition of "qualified"; i.e., birth certificate, driver's license, certification of handicap, etc.

960.06 The landlord may, at the landlord's sole discretion and at the landlord's cost, establish an escrow account for the tenant(s) in lieu of the payment prescribed in Section 960.05 above. The escrow account must be established and copies of the final escrow agreement given to the tenant(s) within the fifteen (15) days stated in Section 960.05 above.

960.07 The landlord may place the escrow account in any bank, savings and loan association, or credit union with federal deposit insurance or with any broker, who is licensed by the California Real Estate Commission, or by any escrow service licensed by the California Corporate Commission, or in an attorney's client escrow account with any attorney licensed to practice law in California, provided both the attorney and the landlord sign the waiver form approved by the Rent Adjustment Commission which precludes the landlord from terminating the escrow and demanding the recovery of the unspent portion of the escrowed relocation funds. The escrow location must be reasonably accessible to the tenant(s) during normal business hours.

960.08 Escrow instructions must provide for the following:

a. Name of each tenant and the pro rata share (RAC 960.01c) for each.

b. Disbursements prior to the tenant(s) vacating the unit (RAC 961.00).

c. Release of funds upon vacating the unit by all tenants (RAC 962.00).

d. Dispute resolution procedures (RAC 963.00-965.00).

e. Escrow closure provisions (RAC 966.00).

f. A statement that the landlord and escrow company indemnity and hold harmless from all liability the City, the Department, Department staff, or hearing officers selected by the Department, who act in good faith and with proper authority when authorizing disbursements from the escrow account.

g. Provision that all costs of the escrow are to prepaid by the landlord establishing the escrow account. The escrow holder should, therefore, establish a fee sufficient to cover costs.

h. A provision that all payments from escrow must be made within three (3) working days of receiving a request for payment.

961.00 DISBURSEMENTS PRIOR TO TENANT(S) VACATING UNIT

961.01 The escrow must provide for payments to the tenant(s) for actual relocation expenses incurred or to be incurred by the tenant prior to vacating the unit for the following relocation expenses related to a new dwelling unit that the tenant(s) are moving to:

a. First and last month's rent;

b. Security deposit;

c. Utility connection charges and deposits; and

d. Moving expenses.

961.02 The escrow shall authorize payments for the expenses required in 960.01 above to be made directly to the tenant(s) upon presentation of a receipt showing the amount paid, for what purpose, and to whom paid. For payments to be incurred the escrow may provide that the payment can be made directly to the recipient of the expense on behalf of the tenant(s) upon presentation of an agreement to incur the expense. The escrow may also provide that the escrow holder verify that the expense has been paid or that the agreement to incur an expense has been entered into by the party(s) named in the agreement. Verification for these purposes consists of a telephone call to the party(s) asking if the payment was made or expense contracted. Therefore, the telephone number(s) of the parties to the expense may be required to be a part of any receipt of agreement.

962.00 DISBURSEMENTS UPON TENANT(S) VACATING UNIT

For the purpose of paying the remainder of the funds in escrow upon vacating the unit the escrow instruction must provide that the tenant(s) sign an affidavit that the unit has been vacated, on what date, and a mailing address. This affidavit shall be provided by the escrow holder, and shall include a statement that the tenant has permanently departed from the unit as evidenced by the surrendering of the keys to the landlord and removal of personal possessions, or personal surrender of the unit to the landlord or to the landlord's agent. The escrow company shall release all remaining funds within 3 days of presentation of this affidavit.

963.00 DISPUTE RESOLUTION PROCEDURES

963.01 The escrow must also contain a dispute resolution procedure that provides that the release of funds demanded by the tenant(s), but not paid by the escrow will be determined solely by the General Manager of the Los Angeles Housing

Department. The dispute resolution procedure must provide that in the event of a dispute between the tenant and the escrow, involving the disbursement of funds as required in sections 960.08 through 960.12, the escrow holder at the request of the tenant(s) must inform the Department and the tenant(s) in writing that a dispute exists, the reason for the dispute and the amount in dispute within four (4) working days of receiving a request for payment. The procedure must also provide that the disputing party(ies) have one (1) working day to rescind the dispute notice in writing.

963.02 Dispute notices must be sent by registered mail or delivered to the Director, Rent Stabilization Division, Los Angeles Housing Department, 3550 Wilshire Blvd., 15th Floor, Los Angeles, CA 90010. A copy of the escrow instructions must accompany the notice.

963.03 Only the amount in dispute is affected by the dispute. All remaining funds are subject to the escrow instructions. Provision must, therefore, be made in the escrow dispute resolution procedures for setting aside the disputed amount, so that it is not subject to any other disbursement.

963.04 Within five (5) working days of receipt of a dispute notice, the Department will contact the disputing parties to gather facts about the dispute.

963.05 Within eight (8) working days after receipt of a dispute notice, the Department will mail to the disputing parties a notice detailing the instruction(s) the Department intends to issue to the escrow holder. The Department may only order the funds in dispute to be paid or to remain in escrow. Disputes involving matters other than those contained in section 960.08 through 962.00 must be resolved between the parties in another forum.

964.00 APPEALS

964.01 Any party to the dispute may appeal the Department's determination within ten (10) days after the notice of intent is sent. An appeal must be served on this Department and the opposite party to the dispute within the ten (10) day period. The appeal must state why the appellant believes the Department's determination is in error.

964.02 The final determination of the funds in dispute will be made by a hearing officer designated by the Department.

964.03 The appealing party may rescind in writing the appeal prior to the scheduled hearing date. If the appeal is rescinded, the Department's original determination will be carried out by the escrow holder, upon notification of a final determination by the Department.

964.04 There is no fee for filing an appeal from the Department's decision to authorize or not authorize a disbursement from an escrow account.

965.00 PROCEDURES FOR THE HEARINGS

965.01 The Department will set a hearing date within 30 days of the filing by either the escrow holder or the tenant of an appeal of the Department's determination.

965.02 The escrow holder and the tenant shall be notified by the Department of the time and place of the hearing not later than ten days prior to the scheduled hearing.

965.03 The hearing will be conducted by a hearing officer designated by the Department. Both the escrow officer and the tenant may submit documents, testimony, written declarations or other evidence, all of which shall be submitted under oath.

965.04 If neither party appears at the hearing, the hearing officer shall make a determination based on the administrative record.

965.05 The hearing officer will make a final written determination within ten (10) days after the hearing. This will be submitted to the Department for distribution to the parties.

965.06 There is no administrative appeal from the decision of a hearing officer in the case of an appeal involving an escrow account disbursement.

966.00 ESCROW CLOSURE PROVISIONS

966.01 The escrow instructions must contain a provision for final closure of the escrow and disbursement of any remaining funds.

966.02 When the escrow has been completed and all funds disbursed a final accounting of all funds and copies of all escrow related papers must be sent to the landlord and tenant(s) within five (5) working days, by registered mail to the last known address of each party.

966.03 When there are still funds remaining in escrow a landlord may request that the escrow be closed and all remaining funds paid to the landlord. The request can only be made if one of the following conditions exists and must so state that the condition exists:

a. The tenant(s) are still in legal possession of the unit and the eviction is no longer in process; or

b. The tenant(s) has vacated the unit, but that unclaimed funds still remain in escrow for at least 60 days since the tenant moved out.

966.04 Within five (5) working days of the receipt of the request to close the escrow by the landlord the escrow holder must send a copy of the request to the tenant(s) and a notice that the request may be disputed, in accordance with Sections 963.00-965.00, within ten (10) calendar days to the escrow holder. The notice must be sent by registered mail to the last known address of the tenant(s).

966.05 If there are no pending claims against the escrow account and the tenant(s) did not dispute the request within the time period set out in Section 966.04 then the escrow holder may proceed to close the escrow and disburse the remaining funds to the landlord in conjunction with Section 966.02 requirements.

966.06 If there are claims against the escrow account and/or a dispute is made, the escrow holder must so inform the landlord within five (5) working days.

966.07 Once all claims or disputes have been resolved the escrow holder must inform the landlord within five (5) working days. The landlord may then immediately proceed to request the close of escrow, if any funds are still remaining, in accordance with Section 966.0.

[S:Latest P.I. Bulletins\RAC 960-#40 BULL-RELOCATION REGULATIONS.WPD. December, 2005 - HMV]

ANTONIO R. VILLARAIGOSA, MAYOR
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RENT Stabilization

Los Angeles Housing Department - Rent Stabilization - Customer Service and Information

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RENT ESCROW ACCOUNT PROGRAM REGULATIONS

The following regulations, dated May 18, 2001, replace the previous REAP regulations, dated January 30, 1989, and the amendments to those regulations, dated October 17, 1995, and April 23, 1997, respectively.

1200.00 RENT ESCROW ACCOUNT PROGRAM (REAP)

1200.01 COMMISSION POWERS AND AUTHORITY

A. The powers and authority of the Rent Adjustment Commission for REAP are found in Los Angeles Municipal Code Section 151.03.

B. The Rent Adjustment Commission (RAC) has been authorized to issue orders and promulgate policies, rules and regulations to effectuate REAP. It may make such studies and investigations, conduct such hearings, and obtain such information as it deems necessary to promulgate, administer and enforce any regulation, rule or order adopted pursuant to the REAP Ordinance. Any rule or regulation promulgated by the RAC takes effect upon publication.

1200.02 REAP PROGRAM DEFINITIONS

"The following words and phrases, whenever used in this Article, shall be construed as defined in this Section. Words and phrases not defined herein shall be

construed as defined in Sections 161.201, 151.02, 162.02, 12.03, 91.200, et seq, and 91.8902 of this Code, if defined therein."

A. COMMISSION: The Rent Adjustment Commission (RAC) of the City of Los Angeles, or its successor.

B. DEPARTMENT OF B & S: The Department of Building and Safety of the City of Los Angeles, or its successor.

C. DEPARTMENT OF HEALTH: The Department of Health Services of the County of Los Angeles, or its successor.

D. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD): The Department of Housing and Community Development of the State of California Business, Transportation and Housing Agency, or its successor.

E. DEPARTMENT OF WATER AND POWER (DWP): The Department of Water and Power of the City of Los Angeles, or its successor.

F. ENFORCEMENT AGENCY: The Department of Health Services of the County of Los Angeles, the Departments of Building and Safety, Fire or Housing of the City of Los Angeles, the California Department of Housing and Community Development, their successors, or any other governmental agency that inspects rental units for the purpose of inspecting for compliance with health or safety laws.

G. FIRE DEPARTMENT: The Fire Department of the City of Los Angeles, or its successor.

H. INTERESTED PARTY: Any person, firm, corporation, partnership, or other entity listed in the title report as having an interest in the real property or known to the Los Angeles Housing Department as claiming an interest in the real property.

I. LANDLORD: An owner, lessor, or sublessor (including any person, firm, corporation, partnership, or other entity) who receives or is entitled to receive rent for the use of any dwelling unit, or the agent, representative, or successor of any of the foregoing.

J. LOS ANGELES HOUSING DEPARTMENT (LAHD): The Los Angeles Housing Department of the City of Los Angeles, or its successor.

K. ORDER: Any order or notice to comply, correct or abate a condition or violation issued by an enforcing Agency.

L. REAP: The Rent Escrow Account Program provided by this Article.

M. DWELLING UNITS: All dwelling units, efficiency dwelling units, guest rooms, and suites, as defined in Section 12.03 of this Code, and duplexes in the City of Los Angeles, rented or offered for rent for living or dwelling purposes, and the land, buildings and structures appurtenant thereto.

N. TENANT: A tenant, subtenant, lessee, sublessee, or any other person entitled to use or occupancy of a dwelling unit.

O. UNSAFE BUILDING OR STRUCTURE: A dwelling building or structure shall be deemed unsafe for the purpose of this Article as defined in the California Building Code (Title 24, Part 2 California Code of Regulations, Section 203) as follows:

> "Sec. 203. (a) General. All buildings or structures regulated by this code which are structurally unsafe or not provided with adequate egress, or which constitute a fire hazard, or are otherwise dangerous to human life are, for the purpose of this section, unsafe. Any use of buildings or structures constituting a hazard to safety, health or public welfare by reason of inadequate maintenance, dilapidation, obsolescence, fire hazard, disaster, damage or abandonment is, for the purpose of this section, an unsafe use. Parapet walls, cornices, spires, towers, tanks, statuary and other appendages or structural members which are supported by, attached to, or a part of a building or otherwise unable to sustain the design loads which are specified in this code are hereby designated as unsafe building appendages."
>
> "All such unsafe buildings, structures or appendages are hereby declared to be public nuisances and shall be abated by repair, rehabilitation, demolition or removal in accordance with the procedures set forth in the Dangerous Buildings Code or such alternate procedures as may have been or as may be adopted by this jurisdiction. As an alternative, the building official, or other employee or official of this jurisdiction as designated by the governing body, may institute any other appropriate action to prevent, restrain, correct or abate the violation."
>
> "(b) Fire Hazard. No person, including but not limited to the state and its political subdivisions, operating any occupancy subject to these regulations shall permit any fire hazard, as defined in this section, to exist on premises under their control, or fail to take immediate action or abate a fire hazard when requested to do so by the enforcing agency.
>
> NOTE: 'Fire hazard' as used in these regulations means any condition, arrangement or act which will increase, or may cause an increase of the hazard or menace of fire to a greater degree than customarily recognized as normal by persons in the public service of preventing, suppressing or extinguishing fire; or which may obstruct, delay or hinder, or may become the

cause of obstruction, delay or hindrance to the prevention, suppression or extinguishment of fire."

P. UNTENANTABLE DWELLING UNIT: A dwelling unit shall be deemed untenantable for the purposes of this Article if it or the common area of the building, structure, or premises in which it is located is the subject of one or more citations or orders and substantially lacks any of the affirmative standard characteristics set forth in California Civil Code Section 1941.1, and/or specified sections of the Los Angeles Municipal Code, as follows:

1. Effective waterproofing and weather protection of room and exterior walls, including unbroken windows and doors.

2. Plumbing or gas facilities which conformed to applicable law in effect at the time of installation, maintained in good working order.

3. A water supply approved under applicable law, which is under the control of the tenant, capable of producing hot and cold running water, or a system which is under the control of the landlord, which produces hot and cold running water, furnished to appropriate fixtures, and connected to a sewage disposal system approved under applicable law.

4. Heating facilities which conformed with applicable law at the time of installation, maintained in good working order. For purposes of REAP eligibility, citations for unvented gas heating devices or unvented portable heaters in any dwelling occupancy are herewith incorporated, in conformity with Sections 57.112.10 and 95.0100 of the LAMC.

5. Electrical lighting, with wiring and electrical equipment which conformed with applicable law at the time of installation, maintained in good working order. For purposes of eligibility for the Rent Escrow Account Program, citations for electrical violations of Sections 93.0311, 93.0104, 91.8101(f) and 93.0600 of the LAMC are herewith incorporated and augment or supercede California Civil Code Section 1941.1.

6. Building, grounds and appurtenances at the time of the commencement of the lease or rental agreement in every part clean, sanitary, and free from all accumulations of debris, filth, rubbish, garbage, rodents and vermin, and all areas under control of the landlord kept in every part clean, sanitary, and free from all accumulations of debris, filth, rubbish, garbage, rodents, and vermin.

7. An adequate number of appropriate receptacles for garbage and rubbish, in clean condition and good repair at the time of the commencement of the lease or rental agreement, with the landlord providing appropriate serviceable receptacles thereafter, and being responsible for the clean condition and

good repair of such receptacles under his control.

8. Floors, stairways, and ceilings maintained in good repair.

9. A dwelling unit shall be deemed untenantable for the purposes of this Article if it is the subject of an Order to Comply with safety related standards pertaining to unabated violations of Section 91.1204 of the LAMC:

   a. quick release safety latches for bedroom/sleeping room window security bars.

   b. operative windows used for emergency exit from rooms used for sleeping purposes.

   c. approved smoke detectors in rooms used for sleeping purposes and access thereto.

   Furthermore, a dwelling unit shall also be deemed untenantable for the purposes of this Article if the unit is located in a building, structure, or premises which is subject to one or more citations or orders issued pursuant to Division 88 or Article 1 of Chapter IX of the Los Angeles Municipal Code known as the Earthquake Hazard Reduction In Existing Building Ordinance. "This paragraph shall not apply if alteration or repair work necessary to bring the building, structure, or premises into compliance with the requirements of Division 88 of Article 1 or Chapter IX of the Los Angeles Municipal Code, is proceeding in accordance with the time limits set forth in any citation, order, or determination issued by either the Department of Building and Safety or the Board of Building and Safety Commissioners".

   A dwelling unit shall be deemed hazardous to life and property and thereby untenantable for the purposes of these regulations if any condition, arrangement, or act takes place, or is allowed to exist, including the failure to properly test or maintain equipment which increases the likelihood of fire to a greater degree than is recognized as acceptable practice by the Fire Department or which may provide a ready fuel supply to augment the spread or intensity of a fire, or which may obstruct, delay, hinder, or interfere with the operations of the Fire Department or the egress of occupants in the event of fire.

10. Exiting, including but not limited to the following: lighting, maintenance, testing, designation, or obstruction of fire doors and fire escapes.

11. Fire protection equipment, including but not limited to the following; fire pumps, standpipes, fire hose, fire sprinklers, fire extinguishers, or any appliance, device, or system provided or installed for use in the event of fire.

12. Fire warning devices, including fire alarm systems and smoke detectors designed to safeguard life from fire.

13. Hazardous storage, obstruction of access or egress, or accumulations of hazardous refuse.

14. Failure to provide a resident manager, a fire watch, or security for vacant units or property.

15. Failure to test and/or certify the proper operation of fire assemblies, equipment, or systems when required.

1200.03 PRE-REVIEW PROCEDURES

A. REFERRAL TO LAHD

Any City or County agency or any tenant may refer any building that contains an untenantable dwelling unit, or a common area deficiency that renders units in the building untenantable, to the LAHD for inclusion in REAP if the following conditions are met:

1. The building or unit is the subject of one or more orders;

2. The period allowed by the order for compliance, including any extensions, has expired without compliance; and

3. The violation(s) affects the health or safety of the occupants, or, if the unit is subject to the City's Rent Stabilization Ordinance, the violation(s) results in a deprivation of housing services, as defined in Section 151.02 and Section 1200.02, or a habitability violation, as defined in Section 153.02.

B. APPLICABILITY OF THE CITED VIOLATIONS TO OTHER DWELLING UNITS IN THE BUILDING

It shall be the responsibility of the citing agency, in its referral to LAHD for REAP consideration, to list all units with violations, including those not inspected that are likely to be affected by similar violations. The criteria for considering units not inspected for REAP shall be based on the inspector's assessment of the severity of the violations, as defined in Section 1200.07, and whether the pattern of violations cited for units inspected could be determined as likely to exist in other units.

C. CONTENTS OF THE REFERRAL NOTICE

1. When the referral is from an enforcement agency, the following information must be supplied to LAHD by the citing agency:

   a. The street address of the property.

   b. A listing of the violations in units and common areas of the building and the units that have not been inspected where the violations are of a nature or extent that they are likely to exist in those units.

   c. The names and addresses of the landlord.

   d. If the citing agency has cited any tenant in the building as solely or jointly responsible for the deficiency, such fact shall be indicated in the Referral Notice to LAHD.

   e. The apartment number or addresses of all dwelling units in a building being referred to REAP.

   f. A statement from the citing agency that the period allowed for compliance, including any extensions, has expired.

2. When the referral is from a tenant, the tenant must complete a complaint form provided by the Department for the Habitability Enforcement Program as set forth in LAMC section 153.03 and must attach an order from an enforcement agency.

3. NO INVALIDATION OF THE REFERRAL NOTICE BY FAILURE TO SUPPLY REQUIRED INFORMATION

   In any appeal under the REAP Ordinance, the referral shall not be invalidated solely because the required information was not included or was inaccurate. The citing agency, tenant or LAHD may, at any time, correct any inaccurate information or obtain such missing information as may be deemed necessary, subsequent to the referral of a unit/property to LAHD.

1200.04 ACCEPTANCE

A. Upon receipt of a referral, the Department will verify that the period allowed for correcting the cited violations, including any extensions, has expired. If the compliance period has not expired but the conditions set forth in Section 1200.03A

have otherwise been met, the Department will hold the referral for processing until after the compliance period expires.

B. Upon receipt of a referral, the Department also will determine whether there are other outstanding orders against the building that meet the conditions set forth in Section 1200.03A.

C. After completing its review, the Department will accept the building or unit(s) into REAP if the conditions set forth in Section 1200.03A are met. If there are other orders that satisfy the conditions set forth in Section 1200.03A, the Department will accept any additional units covered by those orders into REAP. If the other orders have not yet expired, the Department may accept the units effective the date the orders expire. If the referral by a City or County agency indicates that the violations are of a nature that are likely to exist in or affect all of the units, then any rent reduction for those violations will apply to all affected units.

D. If LAHD accepts the building or unit for placement into REAP, it will, within ten (10) calendar days of making its decision, issue a written determination to the landlord which states that the Department has placed the property into REAP

E. The LAHD's written determination will be served on the landlord in the manner prescribed below:

1. To the landlord by certified mail, postage prepaid, return receipt requested, at the address as it appears on the last equalized assessment roll of the County or as otherwise known by LAHD;

2. In the event there are several addresses for the landlord, the determination will be served by certified mail to each of the several addresses; OR

3. To any resident manager or authorized agent known to the Department; or at the address provided to the Department through any registration, in accordance with Section 151.05.

F. The appropriate LAHD employee will insert into the administrative file a written declaration, under penalty of perjury, attesting to the date of the mailing of the Department's determination, as well as the return receipt of any notice sent by certified mail.

G. If there is no appeal by the landlord within 15 days, the Department's decision becomes final and the Department will serve the written determination on the tenants within five additional days.

H. The failure of the landlord to receive the LAHD's determination will in no way invalidate any subsequent proceedings.

I. Upon accepting a unit or building into REAP, the Department will consider whether the building should be referred for a periodic inspection, pursuant to Section 161.602.

1200.05 RENT REDUCTION

Concurrent with LAHD's decision to place a building/unit into REAP, the Department will determine a reduction in rent using the guidelines set forth below.

1200.06 RENT REDUCTION SCHEDULE

1. The Maximum Adjusted Rent (MAR) for a unit found by LAHD to be untenantable and placed into REAP under these regulations shall be reduced in proportion to the nature of untenantability, the severity of the conditions, and the history of past untenantable conditions.

2. The MAR shall be reduced for noncompliance with each of the standard characteristics of tenantability according to the severity of the conditions in each instance.

3. Severity is determined by the citing agency and is specified in the order. If no severity is indicated it shall be assumed that the severity is at Level 1 (Nuisance).

4. The total rent reduction for a rental unit is the sum of all percentage decreases determined for each category of untenantability. The maximum reduction in rent shall not exceed fifty percent (50%) per unit. However, if the rent reduction calculation exceeds fifty percent, the calculation shall stipulate that it is limited by the fifty percent (50%) maximum cap and shall set forth what the total would have been without the cap.

1200.07 SEVERITY LEVELS

1. Level 1 - Nuisance

When the citing agency determines that the violation(s) creates a minimal untenantable situation, but is not unsafe, there shall be a ten percent (10%) reduction in rent.

2. Level 2 - Incipient Hazard

When the citing agency determines that the violation(s) creates untenantability which borders on being a hazard, there shall be a fifteen percent (15%) reduction in rent.

3. Level 3 - Hazardous

When the citing agency determines that the violation(s) creates untenantability which is hazardous, there shall be a twenty percent (20%) reduction in rent.

1200.08 HISTORY AND DURATION OF UNTENANTABLE CONDITIONS

Where there has been a history of orders for the landlord, the reduction determined shall be further increased as follows:

1. If any property owned by the same landlord has been in REAP in the previous 36 months, the reduction shall be increased by fifty percent (50%).

2. If the landlord has been convicted in the previous 36 months of a misdemeanor arising out of the failure to correct an order by an enforcement agency, the reduction may be increased by one hundred percent (100%).

1200.09 THE REDUCTION SCHEDULE

CIVIL CODE 1941.1 OR LAMC OR FIRE HAZARD/LIFE SAFETY VIOLATIONS

	LEVEL OF SEVERITY		
CATEGORY	1	2	3
NUISANCE CONDITIONS	-10%	-15%	-20%
STRUCTURAL HAZARDS	-10%	-15%	-20%
FIRE WARNING DEVICES	-10%	-15%	-20%
EXITING	-10%	-15%	-20%
FIRE PROTECTION EQUIPMENT	-10%	-15%	-20%
HAZARDOUS STORAGE	-10%	-15%	-20%
FAILURE TO TEST/CERTIFY	-10%	-15%	-20%
FAILURE TO MANAGE/SECURE	-10%	-15%	-20%
SANITATION	-10%	-15%	-20%
WEATHERPROOFING	-10%	-15%	-20%
MAINTENANCE	-10%	-15%	-20%
ELECTRICAL	-10%	-15%	-20%
PLUMBING/GAS	-10%	-15%	-20%
HEATING/VENTILATION	-10%	-15%	-20%

The total reduction in the MAR will not reduce the MAR below $50.00/month.

1200.10 APPEALS TO THE GENERAL MANAGER

A. HEARING REQUESTS

1. LAHD may coordinate appeal hearings with General Manager's hearings under LAMC section 161.801 by scheduling and notifying the landlord of a General Manager's hearing at the time the Department accepts the property into REAP. In such cases, the Department will provide the landlord with an appeal form and shall advise the landlord that the hearing will be canceled and that the acceptance into REAP will be final unless the landlord completes and returns the appeal form within 15 days as set forth in section 1200.10.A.3 below.

2. In cases where the placement of a property in REAP is not coordinated with a General Manager's hearing on code violations, the landlord may request a hearing before the General Manager to appeal the decision of the LAHD to place a building/unit(s) into REAP.

3. A request for a General Manager's hearing must be received at the offices of the LAHD within 15 calendar days from the date of mailing the Department's written determination. The filing date will be established by the date of actual receipt by LAHD, or in a dispute, by adding a day to the postmark on the envelope containing the request for an appeal hearing.

4. If the landlord does not appeal the LAHD decision within the allowable15-day period, the Department's decision becomes final.

5. The hearing request must be made in writing, on a form provided by LAHD, and include the specific grounds for appeal and the names, current rents, and rent due date of all tenants residing in units subject to being placed in REAP.

6. The correct number of copies of the request for hearing application, as specified in LAHD's determination, must be supplied by the appellant. Failure to supply the correct number of copies will not invalidate a hearing application, but the appellant may be charged the cost of photocopying documents, at the standard City rate for such services, if LAHD has to prepare copies not supplied by appellant.

7. If the landlord appeals to the General Manager and the appeal is accepted, the Department's decision will be stayed pending the outcome of the appeal.

B. NOTIFICATION OF THE GENERAL MANAGER'S HEARING

1. The Notice of General Manager's Hearing shall state that action was taken by LAHD to place the building into REAP;

2. The Notice shall also state that the owner of the building has appealed the Department's action by requesting a General Manager's hearing, pursuant to Section 1200.10 of the REAP Regulations; and that as a result of the appeal, the Department's action has been stayed pending the outcome of the appeal.

3. The Notice shall advise all parties of their rights in connection with the General Manager's hearing. These include the right of the landlord and the tenants to present documents, written declarations and evidence deemed relevant to the proceedings. Tenants or enforcement agencies may present proof that the violations cited in the order, at the time the order was issued, affected additional units that were not inspected, or that there are additional outstanding orders affecting the same or different units of the building that were not included in the LAHD decision. The landlord may present proof that a rent reduction is not appropriate because the violations were caused by the tenants. The burden will be on the landlord to prove that the tenants caused the violations. Furthermore, the landlord, any tenant or an enforcement agency may present proof that, due to extreme circumstances, the placement of the property into REAP and/or the rent reduction would jeopardize the health or safety of the tenants, but any such request will be scrutinized with particular caution and generally will be denied when not supported by tenants or the enforcement agency.

4. The Notice shall specify the date, time, and location of the hearing.

5. The Notice of General Manager's Hearing shall be served on the owner, via certified mail, postage prepaid, return receipt requested, or in person, at least seven (7) calendar days prior to the hearing. The Notice of General Manager's Hearing also shall be sent to affected tenants, and the enforcement agency, via first class mail, postage prepaid, at least seven (7) calendar days prior to the hearing. The Department shall determine whether there are other outstanding orders against the building and if so, shall send a Notice of General Manager's Hearing to any additional tenants affected by those orders, via first class mail, postage prepaid, at least seven (7) calendar days prior to the hearing.

C. THE GENERAL MANAGER'S HEARING

1. If the request for hearing is received within the 15-day appeal period and includes the information listed in Subpart B.4. above, LAHD shall accept the

appeal request and schedule a hearing before the General Manager, or his designee, within 30 calendar days from the date LAHD received the request for hearing. To the extent possible, the hearing shall be coordinated with any General Manager's hearing scheduled under Section 161.801, et seq.

2. At the hearing, the landlord, the tenants, any enforcement agency and/or other parties with an interest may present documents, written declarations and/or evidence that are pertinent to the proceedings. Tenants or enforcement agencies may present proof that the violations specified in the order, at the time the order was issued, affected additional units that have not been inspected, or that there are additional outstanding orders affecting the same or different units of the building that were not included in the original decision. The landlord may present proof that a rent reduction is not appropriate because the violations were caused by the tenants. The burden will be on the landlord to prove that the tenants caused the violations. The landlord, any tenant or an enforcement agency may present proof that, due to extreme circumstances, acceptance into REAP or the rent reduction would jeopardize the health or safety of the tenants. The landlord has the burden of demonstrating unique, extreme circumstances that make relief appropriate. The Department will scrutinize such a request with particular caution when it is not supported by the tenants or the enforcement agency.

3. The burden of proof shall be on the appellant to demonstrate his/her case by a preponderance of the evidence.

4. The absence of the appellant at the hearing will in no way preclude the General Manager, or his designee, from receiving testimony or other evidence from any other person present.

5. The General Manager's decision shall be based on the administrative record and any additional testimony and evidence provided at the hearing.

D. THE GENERAL MANAGER'S DECISION

1. The General Manager shall issue a written decision within 10 working days of the conclusion of the hearing. The General Manager's decision will be sent to the owner by certified mail, postage prepaid, return receipt requested or delivered in person, and a copy of the decision shall be mailed to each affected dwelling unit and made available to any party requesting a copy.

2. The General Manager may affirm, modify, or reverse the determination of the Department.

3. The General Manager may continue the hearing upon a showing of good cause. Prior to granting a continuance, however, the General Manager shall

consider the extent and seriousness of the conditions, their effect on the residents, and the criteria set forth in Section 161.602.1 and any other criteria set forth by regulation indicating a risk of recurring violations.

4. The General Manager shall find that each of the factors set forth in Section 1200.03 exists in affirming the placement of the building into REAP.

5. The General Manager may modify or reverse the determination of the Department only upon making written findings setting forth the following:

   a. That the Department's action to place the building/unit into REAP was in error or constituted an abuse of discretion; or

   b. That there is new, relevant information that was not previously submitted at the time of the referral to REAP due to mistake, surprise, inadvertence, lack of notice or excusable neglect which information supports a modification or reversal.

6. If it is determined that the landlord was in compliance with the order before the rent reduction effective date, the General Manager will reverse the decision of the Department. If the landlord complies with the order after the appeal is filed but before the appeal hearing, the rent reduction may be imposed retroactively for any rental payments that were due between the date specified in the original decision and the date that the violations were corrected. If the Department's decision is upheld on appeal, the rent reduction will be effective retroactive to the date specified in the original decision.

7. If, at the hearing, a tenant or an enforcement agency presents proof that the violations specified in the order, at the time the order was issued, affected additional units that had not been inspected, or that there are additional outstanding orders affecting the building that were not included in the original decision, the General Manager may issue a further rent reduction or place additional units in REAP, or both. Further rent reduction may be made effective immediately or may be made effective following the expiration date of the additional orders if those orders have not been complied with by that date. If the building is not covered by the City’s RSO, the rent reduction will not become effective until at least 60 days from the date of the order.

   Prior to making a determination that additional units not included in the Department's decision pursuant to Section 1200.04D of these regulations will be subject to inclusion in REAP or rent reduction, the General Manager, will, if requested by the landlord, continue that portion of the hearing dealing with the additional units in order to provide the landlord with proper notice and an opportunity to be heard. The General Manager may issue a decision about

the rental unit included in the original decision prior to the date of the continued hearing or he/she may wait and issue one decision addressing all of the units.

8. If the General Manager finds that the violations are of such a nature or extent that they are likely to be found in or affect several units, he/she may order the rent reduction extended to additional units that were not included in the original decision without proof of an outstanding order for those units. The General Manager's decision will state the findings justifying extending the rent reduction to additional units.

   Prior to determining that additional units not included in the original decision pursuant to Section 1200.04D of these Regulations will be subject to rent reduction, the General Manager will, if requested by the landlord, continue that portion of the hearing dealing with the additional units to provide the landlord with proper notice and an opportunity to be heard. The General Manager may issue a decision about the rental units included in the original decision prior to the continued hearing date or he/she may wait and issue one decision addressing all of the units.

9. The General Manager also may refer the building for a periodic inspection pursuant to Los Angeles Municipal Code (LAMC) Section 161.602.1. If the General Manager determines that the building has had a periodic inspection within the past three years, he/she may order the landlord to pay an inspection fee pursuant to LAMC Section 161.901.

10. Under extreme circumstances the Department may delay, reduce, stay or deny the rent reduction or escrow account, even though the conditions specified in Section 1200.03 have been met, when to do otherwise would jeopardize the health or safety of the tenants or would violate the constitutional rights of any person. However, any such request will be scrutinized with particular caution and generally will be denied when not supported by tenants or the enforcement agency. The mere reduction of income available to make repairs will not constitute extreme circumstances. If the Department grants such relief, the Department's written determination shall set forth the specific circumstances which serve as the basis for its action.

1200.11 APPEAL OF GENERAL MANAGER'S DECISION TO APPEALS BOARD

A. APPEALS

1. The landlord, any tenant, or the enforcement agency may appeal the General Manager's decision to the Appeals Board within 10 calendar days upon receipt of the written decision. The appellant must file the appeal in writing,

on a form provided by the LAHD, and stipulate the specific portion(s) of the decision that are being appealed and the basis for the appeal.

2. The Notice of Appeal shall be accompanied by a filing fee of $150.00, made payable to the City of Los Angeles in the form of a cashier's check or money order. Failure to pay the required fee by the filing deadline invalidates the appeal request.

3. If a timely Notice of Appeal is filed, enforcement of those portions of the General Manager's decision being appealed will be suspended pending the outcome of the appeal. Referrals to the City Attorney or an order referring or accepting a property into the City's Urgent Repair Program, however, shall not be suspended.

4. If an appeal is not filed within the allowable 10 calendar day period, the General Manager's decision is final.

B. NOTIFICATION OF APPEALS BOARD HEARING

1. Upon receipt and acceptance of the appeal, the Appeals Board will schedule the matter for hearing within 30 days of receipt of the appeal and shall give notice of the date, time, and location of the hearing to the appellant, the affected tenants, the General Manager and the citing agency.

2. The Notice of Hearing shall be in writing and shall be served on the owner by certified mail, postage prepaid, return receipt requested, or in person, at least five (5) calendar days prior to the date of the scheduled hearing. The Notice of Hearing also shall be served on the affected tenants, the General Manager and the citing agency, by first class mail, postage prepaid, at least five (5) calendar days prior to the date of the scheduled hearing.

3. The Notice of Hearing shall state that the Department's decision to place the building in REAP was appealed to the General Manager and that the General Manager's decision affirming the Department's decision has been appealed to the Appeals Board.

4. The Notice of Hearing shall also state the respective rights of the parties in connection with the hearing. These include the right of any party to submit a written brief concerning those matters being appealed and/or any oral argument. If any party chooses to submit a written brief, he/she shall bring sufficient copies of the brief for distribution to the other parties to the hearing.

C. HEARING

1. At the hearing, the Appeals Board review of the General Manager's decision will be limited to those alleged errors of law and/or abuse of discretion that occurred during the General Manager's hearing. The Board will not consider any evidence not presented at the General Manager's hearing unless it is newly discovered evidence which could not, with due diligence, have been discovered and produced at the General Manager's hearing.

D. APPEAL BOARD DECISION

1. The Board will render its written decision within 15 calendar days of the conclusion of the appeal hearing.

2. If the Board affirms the General Manager's decision, its written determination shall include the provisions set forth in Section 1200.04D 1-16 of these Regulations.

3. The Board may modify or reverse the General Manager's decision upon making written findings which set forth how the action(s) of the General Manager was in error or constituted an abuse of discretion. Accordingly, the Board shall render specific findings which support the modification or reversal of the General Manager's decision.

4. The Board's decision will be sent to the owner by certified mail, postage prepaid, return receipt requested, or in person, and a copy of the decision shall be mailed to each affected dwelling unit and made available to any person requesting a copy.

5. The Appeal Board's determination is final.

6. If the Appeals Board denies the appeal, the General Manager's decision shall be reinstated and any orders shall be effective retroactive to the dates specified in the Housing Department's original written determination. The Appeals Board shall not waive any retroactive reduction in rent imposed pursuant to Section 162.06D3. If the General Manager's decision imposed additional rent reductions that were not included in the original written determination, and if the violations on which the reductions were based had not been corrected by the time the appeal was filed, then the Appeals Board shall impose a retroactive rent reduction as set forth in Section 162.06D.3.

1200.12 RECORDING THE REAP ACCEPTANCE

A. After the decision of the Department or, upon appeal, the decision of the General Manager or the Appeals Board placing the building into REAP becomes final, LAHD shall file and record with the County Recorder of the County of Los Angeles a

document which legally describes the real property and states that the subject building has been placed into REAP and the known owner of the building has been notified in writing.

B. The Housing Department may deduct from the REAP escrow account any fees associated with the filing and recording of the document placing the building in REAP.

1200.13 REAP ESCROW ACCOUNT

A. ESTABLISHMENT OF THE ESCROW ACCOUNT

1. Within five (5) working days after the decision accepting a building into REAP has become final, LAHD shall establish as part of the REAP Trust Fund an account into which tenants of the affected unit(s) or building may deposit rent payments.

2. The Department will notify tenants in writing of the existence of the REAP escrow account, the tenants' right to exercise the option to pay rent into the escrow account in lieu of paying rent to the landlord, how payments may be deposited into the account, and where payments should be sent.

3. Tenants may, but are not required, to pay their rent into REAP.

4. The tenant may begin paying his/her rent into the escrow account beginning on the date specified by LAHD in its written decision placing the building/unit(s) into REAP.

5. LAHD will arrange to receive rent payments in person or by mail at the LAHD office. Rent received in person or by mail must be in the form of a money order, cashier's check, or certified check.

6. No City employee is authorized to accept rent at the property site, either in cash or by personal check.

7. The City Attorney may seek and the court may order that the landlord remand any rents received from tenants, to LAHD, for placement into the escrow account in the following circumstances.

a. The units have been in REAP for at least six (6) months; and

b. An average of less than 50 percent of tenants in the building have been paying into REAP on a monthly basis.

8. Once a month LAHD will provide the landlord with a report accounting for all rents paid into REAP and any authorized deductions from it.

9. At any time a tenant may request, in writing, a report regarding rents paid by him/her into the REAP escrow account during the period the building was in REAP.

10. When the participation of a building/unit(s) in REAP ends, the landlord of record will be sent a copy of the accounting of all rents paid into, and expenditures from REAP.

11. All rent money escrowed and not expended will be returned to whomever is determined to be the legal owner of the property at the time REAP ends. In cases where ownership or legal control are in dispute or the property is in foreclosure and an objection to the release of funds is filed, LAHD shall withhold the release of escrowed funds until the dispute is resolved by the courts or there is an agreement reached between the parties concerning the release of escrowed funds.

B. WITHDRAWALS FROM THE ESCROW ACCOUNT

1. LAHD will deduct a non-refundable administrative fee of $50.00 for each individual rent payment made into the REAP Escrow Account. Only one such fee shall be deducted for each dwelling unit for each month.

2. At any time during a building's participation in REAP, a landlord, any tenant, enforcement agency, and/or any creditor may apply to the General Manager for a release of funds from the REAP escrow account. A withdrawal of funds may be granted for the following reasons:

   a. When such release is necessary to prevent a significant diminution of an essential service to the building, including utilities, trash services, security, pest control, and managerial services as required by State law. When a request for such release is not supported by the tenants, the burden is on the landlord to show financial hardship preventing payment of such services beyond a mere negative cash flow for the property.

   b. When necessary for the correction of deficiencies including, but not limited to, those that caused the building/unit(s) to be placed in REAP. When a request for such release is opposed by the tenants, the burden is on the landlord to show financial hardship preventing the correction of deficiencies beyond a mere negative cash flow for the property.

c. When to the extent legally permissible, requested by a tenant who wishes to repair conditions that adversely affect the tenant's health and safety, that result in a deprivation of housing services as defined in LAMC Section 151.02, or that result in a habitability violation as defined in LAMC Section 153.02. Those repairs are not limited to the repair of violations that resulted in the building/unit(s) being placed into REAP. For work performed by or on behalf of the tenant:

(1) The tenant must submit an estimate from a licensed contractor which includes labor, materials, and permit costs, if applicable. Payment will be made directly to the contractor upon verification by the Department that the repair work has been performed in a satisfactory manner.

(2) The contractor is limited to receiving only those funds that are available in the REAP escrow account for the tenant's rental unit.

(3) The General Manager will consider applications from tenants who apply jointly and work together to repair cited deficiencies in the common areas of the building that also affect their units.

(4) In general, applications submitted by tenants will be reviewed carefully when extensive rehabilitation work is required and where the work requires a high level of managerial oversight and expertise.

d. When requested by a tenant who wishes to or has relocated from the unit or building. These withdrawals are not limited to the amount of relocation assistance permitted by the RSO. In such situations:

(1) Any pending unlawful detainer action or judgment shall not prevent the disbursement of escrow account funds to a tenant.

(2) The General Manager may but is not required to deny a tenant's application if the unlawful detainer judgment was made prior to the receipt of the application for release of funds. The General Manager shall consider the circumstances of the property and the unlawful detainer action. If at least six months have elapsed since the issuance of the underlying orders by the enforcement agency, a default judgment or a judgment based on nonpayment of rent shall generally not prevent release of funds to the tenants.

(3) Release of escrowed funds for relocation is permitted to a tenant who lives in or has voluntarily moved out of the building if the Order specifying the violations for the unit/building has not been signed off at the time of the receipt of the application by LAHD.

(4) No application is required for situations where an Order to Vacate has been issued by a citing agency. The Department shall have authority to immediately release escrowed funds to affected tenants.

(5) The tenant is limited to receiving only those funds that are available in the escrow account for the tenant's unit.

e. When requested by a tenant who has sustained expenses due to uninhabitable conditions; or

f. When ordered by a court.

g. To satisfy a judgment obtained under LAMC 162.09.C.

3. Within 21 calendar days upon receipt of an application for release of funds, the General Manager will convene a hearing to review the request.

4. The Department shall, not later than 15 days from the date of the hearing, provide written notice of the hearing to the landlord, the tenant(s), the enforcement agency, and/or any creditors. The notice will include a statement specifying the nature of the request(s) to be considered and the date, time, and location of the hearing. The notice will be sent to the parties by first class mail, postage prepaid.

5. The General Manager will order the release of funds from the escrow account in those cases where the applicant can demonstrate to the General Manager's satisfaction that one or more of the conditions set forth in Subpart B.2.a-f have been met.

6. The General Manager also may release funds from the REAP escrow account without a hearing or on shortened notice when it is deemed necessary to address an imminent threat to the health or safety of the occupants, or to prevent the termination of utilities.

7. Any aggrieved party may appeal the General Manager's decision to the Appeal Board following the procedures set forth at Section 1200.11 of these Regulations.

8. Disbursement of funds in excess of the $50.00 administrative fee to make repairs, to address the health and safety of the occupants, or to preserve essential services, will be given priority over expenditures for other purposes.

9. The pending of an unlawful detainer action or an unlawful detainer judgment will not prevent the disbursement of funds to a tenant. The General Manager will take into consideration the facts and circumstances of the unlawful detainer action.

10. The General Manager shall deny an application for release of funds where he/she determines that the application is intended, in whole or in part, to circumvent the provisions of the REAP Ordinance. A debt incurred subsequent to notice to any creditor that a building was under consideration for or had been selected for participation in REAP, shall be presumed, subject to rebuttal, to be for the purpose of circumventing the REAP Ordinance.

11. An application for the release of funds by an owner, creditor or interested party shall not be considered if based solely on negative building cash flow, the owner's inability to obtain a loan, or the ability to repay a loan.

12. The General Manager reserves the right to request any and all information that is deemed necessary to reach a decision concerning an application.

1200.14 TERMINATION OF REAP

A. The landlord, the affected tenant, or the citing agency may notify the Department that all orders have been complied with and/or all violations have been corrected, including, but not limited to those habitability and/or tenantability violations as cited in the HEP case which resulted in the property being placed into REAP, and any subsequent orders or violations. Upon receipt of such notice, the Department shall investigate, contacting all citing agencies, the landlord, and the affected tenants.

B. After completing its investigation, the Department shall mail notice of its recommendation to the landlord and affected tenants following the procedures set forth in 1200.10.C.5.

C. The Department also may review an application from a landlord to terminate the rent reduction for certain units, notwithstanding the continuation of violation affecting other units, if the conditions set forth in Subpart A, above, are met for those units. The landlord may submit only one application for each property. It will be LAHD's responsibility to review any application very closely and recommend termination only if it finds that only minor violations remain in the other units.

D. The Department may recommend termination of the REAP escrow account if, in addition to the findings in Subparts A or B, it determines that the landlord has paid all outstanding and non-appealable electric service and/or water charges for the property as required by the City's Department of Water and Power.

E. If the City Council terminates the REAP escrow account, any funds in that account will be paid in the following order:

1. Any administrative fees pursuant to Section 162.07B.1 that remain outstanding;

2. Any fees and penalties imposed pursuant to article 1 of Chapter XVI of this Code that have not yet been collected; and

3. Any outstanding rent registration fees in an RSO building and any penalties pertaining thereto pursuant to Section 151.05.

4. If after paying the fees and penalties referenced in subpart D. 1-3, above, there are any funds remaining in the REAP escrow account, said funds will be returned to the current owner of the property.

F. As a condition of terminating the REAP escrow account, the City Council may order an expedited systematic inspection as provided for under Section 161.805(6) and impose inspection fees and administrative costs pursuant to Section 161.901 through 161.903. The City Council also may condition termination of the escrow account on payment of these fees and costs, or any other unpaid fees under Subpart D.

G. Monitoring Program. The City Council, by resolution, may release a building from REAP, subject to the following conditions:

1. That the landlord pay any outstanding and non-appealable electric service and/or water charges pertaining to the property in REAP, to the satisfaction of the City's Department of Water and Power.

2. That the landlord pay all outstanding rent registration fees and any penalties pertaining thereto, tot the satisfaction of the Rent Stabilization Division, LAHD, and any inspection fees, added inspection costs or administrative costs, to the satisfaction of the Code Enforcement Division, LAHD; and

3. That the landlord prepay for two (2) annual inspections, beyond the initial inspection and re-inspection included in the Systematic Code Enforcement fee pursuant to Section 161.352, to LAHD, for each unit that was included in REAP, in an amount not to exceed $65.00 per unit inspection fee.

1200.15 NOTIFICATION PROCEDURES FOLLOWING A REMOVAL OF A BUILDING/UNIT FROM REAP

A. NOTICE REQUIREMENTS

1. All parties receiving a notice from LAHD that the Department was placing a building/unit into REAP will be notified, in writing, that the building/unit has been removed from REAP, including the effective date.

2. Affected tenants will be advised of the date on which their rent will be restored to its original level and they must begin paying rent directly to the landlord and not to the REAP escrow account. That date shall be 30 calendar days after the Department mails the affected tenants notice of the restoration of rent.

3. Upon request, the landlord of record will be sent the LAHD's final accounting of all rents paid into and disbursements from the REAP escrow account.

4. After the building has been removed from REAP, the Department shall file and record with the Los Angeles County Recorder's Office a certificate terminating the previously recorded status of the building and stating that the known owner of the building has been notified in writing.

B. MANNER OF NOTIFICATION

The Notice of Termination of the REAP escrow account will be sent by first-class mail, postage prepaid to the landlord, tenants, and all affected parties.

1200.16 TENANT PROTECTIONS

A. EVICTIONS

1. The gross amount of a payment made into the REAP escrow account by or on behalf of a tenant will be deemed as a payment to the landlord, for purposes of determining whether a tenant has paid rent with respect to Section 151.09A.1. of this Code or Section 1159, et seq. of the California Code of Civil Procedure. Regarding any action by the landlord to evict the tenant, the tenant may raise the fact of payments into REAP as an affirmative defense against eviction in the same manner as if such payment has been made to and accepted by the landlord including, but not limited to, acceptance of rent after the expiration of a three day notice to pay rent or quit.

2. While a unit(s) is in REAP, and prior to initiating an eviction action, the landlord shall request verification in writing from LAHD that the tenant has not paid rent to the Department. The Department shall respond within three (3) business days to any verification requests. The landlord shall not initiate any actions to evict the tenant on the basis of nonpayment of rent without making this inquiry or if the tenant or the Department presents proof that the tenant has paid the rent demanded to the Department. The violation of this section shall not be a misdemeanor.

3. Whether or not the unit is covered by the RSO, until the unit is removed from REAP and for 180 days thereafter, or until expiration of the period specified in Section 161.806, if applicable, whichever is later, the landlord may evict the tenant only based upon the provisions of 151.09A.

4. If a landlord's dominant intent in initiating an eviction action against the tenant is retaliation for the tenant's or the enforcement agency's exercise of their rights and duties under Section 162.00, and if the tenant is not in default of paying rent, then the landlord may not evict or cause the tenant to quit voluntarily. Until the unit is removed from REAP and for one (1) year thereafter, the landlord must be able to demonstrate that the eviction action, other than for nonpayment of rent, is not retaliatory in nature.

5. In any eviction action by the landlord, the tenant may raise as a defense any grounds set forth in this section. If the tenant is the prevailing party, he/she will be entitled to recover reasonable attorney's fees and expenses.

B. RENT INCREASES

1. Until the unit is removed from REAP and for one (1) year thereafter, or until the expiration of the period specified under Section 161.807, if applicable, whichever is later, the landlord or any subsequent landlord shall not increase the rent for the current or any subsequent tenants. If the unit is covered by the RSO, after expiration of this period, no rent increase will be permitted for reimbursement of a capital improvement or cited rehabilitation work for any corrections necessary to comply with the order that resulted in the building being placed in REAP or any additional orders issued while in REAP.

C. CIVIL ACTIONS

1. Any landlord who violates the provisions of this section, or retaliates against the tenant for the tenant's or the enforcement agency's exercise of their rights or duties under Section 162.00, shall be liable in a civil action for damages, a penalty of $1,000 per violation, and reasonable attorney's fees

and expenses. Any judgment awarded may be collected from the REAP escrow account upon application per Section 162.07B.

1200.17 RECORDING THE REAP ORDER AND TERMINATION OF REAP

A. After the decision of the Department or, upon appeal, the decision of the General Manager or the Appeals Board placing the building into REAP becomes final, LAHD shall file and record with the County Recorder of the County of Los Angeles a document which legally describes the real property and states that the building has been placed into REAP and the owner if known, of the building has been notified in writing.

B. After the building has been removed from REAP, the Department shall file and record with the County Recorder a document terminating the above-recorded status of the building.

C. LAHD may deduct from the REAP escrow account any fees and costs associated with the filing and recording of the documents placing the building into, and removing it from REAP.

Note:

The preceding new Rent Escrow Account Program (REAP) Regulations (1200.00 et seq.), implementing Ordinance 173810, were adopted by the Rent Adjustment Commission (RAC) on May 3, 2001, and replaced REAP Regulations (970.00 et seq.) and Rent Reduction Program (RRP) Regulations (430.00 et seq.). In accordance with Los Angeles Municipal Code (LAMC) Section 151.03 B, the new REAP Regulations became effective upon publication on May 18, 2004.