



Los Angeles County Rental Housing Habitability and Rent Escrow Account Program

Presenters:

Dr. Nichole Quick, M.D. , M.P.H.

Los Angeles County Department of Public Health
Deputy Director, Health Protection Bureau

Dana Pratt

Deputy Director, Department of Consumer and Business Affairs

April 16, 2024 Board Meeting



Overview

- On April 5th, 2022, the Board of Supervisors directed the Department of Public Health to work with County Counsel, the Department of Business and Consumer Affairs, and other departments to create a Rental Housing Habitability Program (RHHP) and Rent Escrow Account Program (REAP).
 - The ordinances, if adopted, would apply only in the unincorporated areas of Los Angeles County.
 - The RHHP and REAP ordinances are modeled after the City of Los Angeles' Housing Codes but are tailored to the needs of County residents.
- ➔ Both ordinances include a system of administrative due process that provides confirmation of uncorrected habitability issues and issuance of orders to correct outstanding violations, along with fines, remedies, and reinspection fees.



Current Program

Public Health's current housing inspection program functions throughout LA County:

- Includes annual inspections of every apartment building with 5 or more units.
 - Inspections include speaking with tenants of 10% of the units in multi-unit dwellings (min. of at least 5 units) to determine if they have vermin or maintenance issues.
- If violations are identified, additional units are inspected, including adjacent units to those with vermin violations.
- Non-emergency complaints result in a letter providing landlord 21 days to make corrections. An inspection is conducted if the complainant files a second complaint after 21 days.
- Emergency complaints for sewage discharge, non-working toilets, lack of running water, leaking roof, and lack of heat during winter months result in an immediate investigation with 24 hours provided to correct the violations.
- Limited enforcement tools; need to file misdemeanor charges to impose fines or penalties.

Rental Housing Habitability Program (RHHP)

- Covers any living quarters occupied in exchange for rent, whether or not the residential use is legally permitted. This *includes single-family dwellings that are rented*.
- Requires pre-announced inspections of each property at least once every 4 years and potentially every 2 years for properties with histories of significant habitability violations.
- Provides complaint-based inspections to address issues that arise between scheduled inspections.
- Includes effective enforcement mechanisms that encourage repairs and proper maintenance.
- Include notices, fines, penalties for non-compliance, rent reductions, and referrals to the Rent Escrow Account Program (REAP).
- Includes administrative hearings to validate all recommended enforcement actions, including placement into REAP, with opportunity to appeal to an Appeals Board.
- Based on a cost recovery model, in which annual registration fees cover annual program costs. Landlords are allowed to pass through 50% of cost of registration fees.

The Rental Housing Habitability Program Fees

- \$86 per unit, per year fee.
- Collected as a direct assessment as part of the property taxes.
- The fee covers the following expenses:
 - Covers DPH personnel costs – 15 positions
 - Administrative Hearing Officers within other County departments
 - Tenant outreach and landlord education
 - Software integration between Public Health, DCBA, DRP, and DPW
 - DCBA's personnel costs - 3.5 staff

Rent Escrow Account Program (REAP)

- REAP would allow the tenant to pay a reduced rent into a Rent Escrow Account managed by the County (DCBA).
- REAP is a consequential program for landlords who remain out of compliance with health and building codes.
- Owner or tenant may submit proof of cost of repairs for reimbursement.
- Tenants may use Rent Escrow Account funds for relocation costs.
- The ordinance provides tenant protections against evictions, rent increases, and retaliation.

Referral into REAP

- County agencies may refer any rental property or residential unit within the scope of this ordinance for inclusion in REAP if certain conditions are met (e.g., construction without permits). Placement of a rental property or residential unit into REAP must be ordered by an administrative hearing officer.

Amount of Rent Reduction

- The County Housing Program Chief shall adopt by regulation, a schedule setting forth the amount by which the rent shall be reduced based on nature of violation, severity of conditions, and history of the property.

REAP Administrative Fee

- \$137 per unit/per month administrative fee for units placed in REAP.
- The administrative fee is to be utilized to fund the operations of the REAP:
 - Collection of rent and maintenance of escrow accounts.
 - REAP billing and payment processing.
 - Review of escrow withdrawal requests and coordination with DPH RHH hearings team.
- Directly billed to the landlord each month.
- Any unpaid/outstanding fees will be collected from the rent paid into the escrow account for the property, once it is removed from REAP.

- Inspections will begin 6 months after adoption of the ordinances.
- Properties with poor compliance history will be inspected first.
- Work with other departments to develop additional training for inspectors.
- Develop the necessary forms: Notices of Inspection & Hearing, Decision Letters.
- Conduct tenant and landlord outreach and education on the new program.
 - Develop materials and messaging to via social media and other outlets to educate landlords and tenants in the unincorporated areas of the new program and resources available.
 - Train key internal and external partners to disseminate information to community members to increase awareness of the new program and how to interact with the Rental Housing Habitability program to address their needs.
- Establish a customer call center to respond to all habitability complaints.
- Develop a Sharepoint site to communicate referrals and case status.
- Identifying administrative hearing officers.
- Positions will be requested in the Final Changes Budget.
- Initial billing will occur on 2024-25 Property Taxes.

If Adopted:

- Existing inspection program will be discontinued for unincorporated area; existing program will remain in effect in the rest of LAC.
- Prescheduled inspections and reinspections of all rental properties every 4 years.
- Complaint based inspections investigated within 7 days.
- Time extensions available only if work is in progress to correct violations.
- Referrals into REAP for landlords that don't correct violations by compliance dates.
- Opportunity for review by Hearing Officers and Housing Habitability Appeals Board prior to enforcement actions.
- Annual fee of \$86 per unit, per year. Additional fee of \$137 per month for units in REAP.
- RHH fee will be billed to the 2024-25 Property Taxes.
- REAP fee will be a monthly bill to landlords should their unit(s) be placed into REAP.
- New customer call center will be added for RHH calls.