

ANALYSIS

This ordinance amends Chapter 8.52 (Rent Stabilization) of Title 8 (Consumer Protection, Business and Wage Regulations) of the Los Angeles County Code relating to Division 3 (Housing) by clarifying: (1) definitions; (2) permitted rent increases and applications for rent adjustments; (3) permitted pass-through recovery of costs; (4) termination of tenancies; and (5) procedures and guidelines to be implemented by the County.

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By



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BT:gjh

Requested: 12/18/19
Revised: 2/14/20

ORDINANCE NO. _____

An ordinance amending Title 8 (Consumer Protection, Business, and Wage Regulations) of the Los Angeles County Code, relating to Chapter 8.52 (Rent Stabilization).

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 8.52.020 shall be amended as follows:

8.52.020 Declaration of Purposes and Findings.

...

B. Due to the shortage of rental units, rents in the unincorporated County are increasingly excessively. A substantial number of persons in the unincorporated County who reside in rental units spend a high percentage of their income on rent, and many have been forced to move out because they could no longer afford to pay the increase in rent. Further, low and moderate income tenants have difficulty finding affordable housing after being displaced due to a rent increase or not being able to afford the security deposit at a new location.

...

SECTION 2. Section 8.52.030 shall be amended as follows:

8.52.030 Definitions.

The following terms shall have the meaning provided below when used in this Chapter, whether plural or singular.

...

M. "Landlord's Family Member" means a Landlord's parent, child, spouse or registered domestic partner, grandparent, grandchild, aunt or uncle at least sixty-two (62) years of age, or other dependent ~~to~~over which the Landlord has guardianship, ~~and~~ the spouse or registered domestic partner's parent, child, grandparent, grandchild, aunt or uncle at least sixty-two (62) years of age, and other dependent over which the Landlord's spouse or domestic partner has guardianship.

N. ~~"Los Angeles County Development Authority" or "LACDA" means agency that is acting on behalf of the County or the Department in administering this Chapter~~
the Los Angeles County Development Authority.

...

P. ~~"Payment Standard" means the maximum rental assistance paid by the LACDA pursuant to an agreement with a State or federal law or administrative regulation~~
the amount determined by the LACDA that is used to set the amount of housing assistance paid on behalf of a tenant under the Section 8 Housing Choice Voucher Program pursuant to 24 Code of Federal Regulations Part 982.

Q. "Primary Renovation" means work performed either on a Dwelling Units or the building containing the Dwelling ~~Units~~Unit(s) that improves the property by prolonging its useful life or adding value as specified in Section 8.52.070.

R. "Rent" means the consideration paid for the use or occupancy of a Dwelling Unit or for Housing Services provided, or both, but does not include any of the

following, each of which shall be separately listed and identified in the lease or rental agreement:

...

2. User fees for services or facilities which may be utilized at the option of the Tenant and are expressly not included ~~in~~as Rent in the Rental Agreement;

...

...

SECTION 3. Section 8.52.050 shall be amended as follows:

8.52.050 Permitted Rent Increases for Covered Rental Units.

...

C. ~~Allowable Annual Rent Increases. This Section shall limit a~~Annual Rent increases, allowable under State law, shall be limited to reflect the average annual change in CPI with a maximum of eight percent (8%), as specified below:

1. If the change in CPI is eight percent (8%) or higher, the ~~annual~~ maximum allowable annual Rent increase will be eight percent (8%);

...

3. If the change in CPI is between one percent (1%) and three percent (3%), the maximum allowable annual Rent increase will be equal to three percent (3%);

...

5. If the change in CPI is less than negative two percent (-2%), no annual Rent increase is permitted.

...

H. Exemptions. The following are exempt from this Section:

...

4. Government Owned or Assisted Housing.

...

b. ~~Government Assisted~~ Assisted Housing.

(i) Housing accommodations for which the County, LACDA, or ~~either another public agency or authority~~ provides a tenant-based Section 8 Housing Choice Voucher Program or other similar housing subsidy is exempt under this Section if the Rent paid ~~by the Tenant~~ is equal to or less than the standards as determined by the subsidy program for the bedroom size of the Dwelling Unit, such as the Payment Standard or the U.S. Department of Housing and Urban Development's fair market rent standard.

(ii) This exemption shall not apply if:

(a) The portion of the Rent paid by the Tenant is greater than the Payment Standard for the bedroom size of the Dwelling Unit; or

(b) ~~a~~ A proposed Rent increase would result in the portion of the Rent paid by the Tenant being greater than the Payment Standard for the bedroom size of the Dwelling Unit.

...

SECTION 4. Section 8.52.060 shall be amended as follows:

8.52.060 Applications for Rent Adjustments.

A. Landlord Applications for Rent Adjustment for Fair Return. Landlords who believe they are not receiving a fair return on their property may file an application with

the Department to request an increase in Rent beyond that which is permitted under Section 8.52.050.

1. Presumption. It shall be a rebuttable presumption that the annual net operating income earned by a Landlord on September 11, 2018; and Rent increases allowed under Section 8.52.050, provide the Landlord with a fair return on the investment. A Landlord shall have the burden to prove the necessity of any additional Rent increase necessary to earn a fair return.

...

3. All Rent adjustment increases authorized by the Department may become effective only after all of the following:

...

b. A Landlord has registered ~~the property~~ each Dwelling Unit in the property pursuant to Section 8.52.080; and

c. A Landlord ~~makes~~ provides a copy of the completed application for ~~Rent Adjustment for Fair Return~~, with all supporting documents, ~~reasonably available to each Tenant of a Covered Rental Unit, upon request, that shall be provided~~ at the Landlord's expense.

4. Standard for Approving an Application for Landlord Rent Adjustment for Fair Return. ~~The Department will review a Landlord's application submitted pursuant to this Section to determine whether a Rent adjustment is necessary and appropriate to:~~

a. ~~Ensure the Landlord receives a fair return on the investment;~~
and The Department shall approve an application for a Rent adjustment if the Department determines the adjustment is necessary and appropriate to ensure the Landlord receives a fair and reasonable return on the Landlord's investment, will not cause an undue financial burden on the affected Tenants, and complies with all provisions of this Chapter.

b. ~~Not cause an undue financial burden on the affected Tenant.~~The Department shall approve a lesser Rent adjustment if the Department determines the lesser Rent adjustment more appropriately ensures a fair return on the Landlord's investment, will not cause an undue financial burden on the affected Tenants, and complies with all provisions of this Chapter.

...

6. ~~Fees and costs incurred by a Landlord for making to file, pursue, or prepare an application for Rent Adjustment for Fair Return increase pursuant to this Section are not allowable as operating expenses and may not be passed on to a Tenants.~~ Such fees and costs include, but are not limited to, attorney fees, accountant fees, and other similar professional services costs.

7. In making an individual Rent adjustment, the Department shall consider the purposes of this Chapter and all other relevant factors including, but not limited to:

a. Increases or decreases in property taxes;

b. Unavoidable increases or any decreases in maintenance and operating expenses;

c. A change in the number of Tenants occupying the Covered Rental Unit, living space, furniture, furnishings, equipment, other Housing Services provided, or occupancy rules;

d. Substantial deterioration of the Covered Rental Unit other than normal wear and tear;

e. The pattern of recent Rent increases or decreases; or

f. Whether or not the Landlord has received Rent in violation of the terms of this Chapter or has otherwise failed to comply with this Chapter.

B. Tenant Applications for Rent Adjustment. Tenants of a Covered Rental Unit who believe they should receive a decrease in Rent because of a Landlord's violation of this Chapter may file an application with the Department to request a decrease in Rent. Tenants must file such application for Rent adjustment within one hundred eighty (180) days from the date the Tenant knew, or reasonably should have known, of the Landlord's potential violation.

...

4. Notices Upon Filing Application.

a. Within five (5) calendar days after submission of an application with the Department for Rent adjustment, the Tenant shall serve the Landlord with a notice of said application, via personal service or certified mail, return receipt requested.

...

5. In making an individual Rent adjustment, the Department shall consider the purposes of this Chapter and all other relevant factors including, but not limited to:

a. Increases or decreases in Rent or Housing Services since September 11, 2018;

b. The pattern of recent Rent or Housing Service increases or decreases; or

c. Whether or not the Landlord has received Rent in violation of the terms of this Chapter or has otherwise failed to comply with this Chapter.

C. Application. Upon the Department's receipt of an application for ~~r~~ Rent adjustment, the Department shall review and evaluate whether the Rent may be adjusted in accordance with this Section and its procedures and guidelines.

1. The application shall be in the form provided by the Department, signed under penalty of perjury, and must be accompanied by an applicable fee, if any.

2. An application for Rent adjustment must ~~contain~~ include all of the following:

...

c. Other documentation, ~~as~~ required by the Department.

3. Application Fees. The Department may set a reasonable fee ~~per~~ per Covered Rental Unit to be paid by the applicant at the time of the filing based on the

administrative expenses incurred in reviewing and processing applications for Rent adjustment.

4. The Department shall have the authority to deem an application complete.

...

~~F. In making an individual Rent adjustment, the Department shall consider the purposes of this Chapter and all other relevant factors including, but not limited to:~~

~~1. Increases or decreases in property taxes;~~

~~2. Unavoidable increases or any decreases in maintenance and operating expenses;~~

~~3. A change in the number of Tenants occupying the Covered Rental Unit, living space, furniture, furnishings, equipment, other Housing Services provided, or occupancy rules;~~

~~4. Substantial deterioration of the Covered Rental Unit other than normal wear and tear;~~

~~5. The pattern of recent Rent increases or decreases; or~~

~~6. Whether or not the Landlord has received Rent in violation of the terms of this Chapter or has otherwise failed to comply with this Chapter.~~

GE. Notwithstanding any other provision of this Section, if a determination for Rent adjustment for a Covered Rental Unit was made within the previous six (6) months by either the Department or the Commission, then the Department or the Commission

may refuse to hold a hearing or refuse to grant an individual a Rent adjustment for such Covered Rental Unit.

SECTION 5. Section 8.52.070 shall be amended as follows:

8.52.070 Pass-Through Cost Recovery.

A. Pursuant to this Section, a Landlord may file an application with the Department, on a form approved by the Department, to pass-through costs to existing ~~Tenancies~~Tenants in Covered Rental Units.

B. A Landlord may not pass-through costs to Tenants in Covered Rental Units until the Department approves the Landlord's application and the Landlord registers ~~the property~~each Dwelling Unit pursuant to Section 8.52.080. The approved pass-through costs should appear as a separate line item on the Rent statement along with the end date of the amortization period. An approved pass-through~~and~~ is not considered Rent.

1. A Landlord must cease collecting the pass-through cost when the Landlord recovers the costs permitted by the Department pursuant to this Chapter.

2. In the event a Tenant paid pass-through costs in excess of that permitted by the Department or beyond the date of expiration of the pass-through, the Landlord shall credit the Tenant for the balance of the overpayment. The Landlord may elect to either: (a) pay the Tenant the balance of the overpayment directly in one lump sum; or (b) give the Tenant a credit against the Rent otherwise due from the Tenant over a six (6) month period.

C. Notices to Tenants. A Landlord shall provide written notice of a pass-through cost to Tenants in accordance with California Civil Code section 827, as may be amended.

D. Safe, Clean Water Act Parcel Tax Pass-Through. A Small Landlord may pass-through the Safe, Clean Water Act parcel tax to Tenants. For purposes of this subsection D only:

...

2. "Owner" means the owner of record or the holder of an equitable or legal interest in property, ~~including~~ which shall mean any natural person, or living trust or legal entity created by said natural person, with at least a ten percent (10%) interest in the property, ~~either directly or by owning or controlling a legal entity with at least a ten percent interest (10%) in the property.~~

...

~~E. The Addition or Replacement of Improvements to Dwelling Units or Common Areas of a Building~~ Capital Improvements Pass-Through. A Landlord may recover up to fifty percent (50%) of a Capital Improvement cost from existing Tenants in Covered Rental Units.

...

F. Primary Renovation Pass-Through. A Landlord may recover up to fifty percent (50%) of a Primary Renovation cost from existing Tenants in Covered Rental Units.

...

G. The Department's procedures and guidelines will set forth all of the following:

1. The cost recovery calculations and amortization period for the Capital Improvement or Primary Renovation pass-through cost for each Covered Rental Unit; and

2. Factors for the Department to evaluate a Landlord's application for a pass-through cost of a Capital Improvement or Primary Renovation including, but not limited to, whether the work was necessary to bring the property into compliance or maintain compliance with Code requirements affecting health and safety.

3. Notices to Tenants to file objections to the Landlord's application for pass-through cost of a Capital Improvement or Primary Renovation with the Department.

H. Pursuant to this Section, no pass-through cost recovery may be approved if the amount allowed to be a pass-through cost, plus any Rent increase for that year, would result in an increase of the Rent for the prior year of a Covered Rental Unit by more than eight percent (8%), or of a Luxury Unit by more than ten percent (10%).

SECTION 6. Section 8.52.080 shall be amended as follows:

8.52.080 Annual Rental Registration.

A. Registration of Dwelling Unit. ~~Within ninety (90) days of the effective date of this Chapter, and on~~ On or before September 30th of each year thereafter, a Landlord must register each Dwelling Unit that is rented or is available for Rent. A Landlord must

contact the Department or update the County's registry system if there are any subsequent changes to the Dwelling Unit.

...

E. Rental Registration Fee Pass-Through. A Landlord may recover up to fifty-percent (50%) of a rental registration fee from the Tenant of a Covered Rental Unit where:

...

2. A Tenant's payment to the Landlord for the pass-through cost is paid in twelve (12) equal, monthly installments; ~~and~~

3. The pass-through cost appears as a separate line item; and

4. The Landlord provides to the Department the amount of the pass-through cost to the Tenants.

SECTION 7. Section 8.52.090 shall be amended as follows:

8.52.090 Termination of Tenancy.

...

B. When terminating a Tenancy for Cause or No-Fault, a Landlord must comply with all of the following:

1. The Landlord must serve a written notice in accordance with California Civil Code sections ~~827~~1946 through 1946.5, as may be amended, to the Tenant that, in addition to any information required by federal or State law, the Landlord will terminate the Tenant's Tenancy because of at least one For Cause or No-Fault reason; and

2. The Landlord has not accepted and will not accept Rent or any other consideration in return for the continued use of the Dwelling Unit beyond the term of the terminated Tenancy in compliance with California Civil Code sections 1945, ~~1946,~~ and ~~1946.1~~ through 1946.5, as may be amended; and

...

4. The Landlord has submitted to the Department via certified mail, return receipt requested, within five (5) days after service of the notice of termination on the Tenant, a true and accurate copy of the Landlord's written notice of termination, and proof of such service, signed under penalty of perjury, on the Tenant. The Landlord shall maintain proof of service to the Department as evidence that the Landlord has complied with this Section.

C. A Landlord who is unable to show a For Cause or No-Fault termination of Tenancy, must instead pursue one of the following options:

1. **Renew the Rental Agreement.** At the conclusion of a term of Tenancy under a Rental Agreement, a Landlord may offer to renew the Rental Agreement, under substantially similar material terms including, but not limited to, Rent, amenities, services, facilities, and term of the Tenancy.

2. **Permit the Tenancy to Continue.** At the conclusion of a term of Tenancy under a Rental Agreement, a Landlord may permit the Tenancy to continue in accordance with California Civil Code section 1945, as may be amended.

3. **Propose New Tenancy Terms.** At the conclusion of a term of Tenancy under a Rental Agreement, a Landlord may provide notice of new proposed

terms of Tenancy in accordance with California Civil Code section 827, as may be amended. This is not applicable to Covered Rental Units.

D. For Cause Termination of Tenancy. If a Landlord can show any of the following circumstances with respect to a termination of Tenancy in a Dwelling Unit, the termination qualifies as a For Cause Termination.

...

2. Violation of Material Term of Rental Agreement. Tenant has continued to substantially violate any material term of the Rental Agreement as provided in California Code of Civil Procedure section 1161 subdivision (3), after written notice to cease, and did not cure such violation within ten (10) days after receiving written notice from the Landlord of such violation.

...

b. ~~Housing one or more~~Adding additional occupants in an existing Tenancy ~~may be~~ is not a breach of ~~the~~ a material Rental Agreement term ~~depending on its terms and occupancy limits under~~ so long as the number of occupants does not exceed the maximum number of occupants as determined by State or local laws.

...

E. No-Fault Termination of Tenancy. If a Landlord can show any of the following circumstances with respect to a termination of Tenancy in a Dwelling Unit, the termination qualifies as a No-Fault termination.

1. Landlord or Landlord's Family Member Occupancy. A Landlord who owns a Dwelling Unit and seeks in good faith to recover possession of said Dwelling Unit for the Landlord's own use and occupancy as the Landlord's principal residence for at least thirty-six (36) consecutive months, or for the use and occupancy as the principal residence by the Landlord's Family Member for at least thirty-six (36) consecutive months.

...

c. Dwelling Unit Limitation. A Landlord with less than one hundred percent (100%) ownership interest in a property may occupy only one Dwelling Unit on that property. A Landlord with one hundred percent (100%) ownership interest in a property may occupy up to two Dwelling Units ~~within the building~~ on that property.

d. A Landlord may only terminate a Tenancy under this Section if the Landlord or Landlord's Family Member who will reside in the Dwelling Unit is similarly situated as the Tenant, who is being displaced:

...

(iii) If the Tenant has a terminal illness as verified by their medical primary care provider, then the Landlord or the Landlord's Family Member who will reside in the Dwelling Unit must also have a terminal illness; or

...

e. It shall be rebuttably presumed that the Landlord has not acted in good faith if the Landlord or the Landlord's Family Member ~~for whom the Tenant was displaced~~ who displaced the Tenant does not move into the Dwelling Unit

within sixty (60) days after Tenant has vacated the Dwelling Unit and occupy said unit as that person's principal residence for a minimum of thirty-six (36) consecutive months.

...

3. Government Agency or Court Order.

a. The Landlord shall comply with any of the following:

(i) An order issued by a government agency or court relating to habitability that necessitates vacating ~~the residential real property~~Dwelling Unit;

(ii) An order issued by a government agency or court to vacate the ~~residential real property~~Dwelling Unit; or

(iii) A local ordinance that necessitates vacating the ~~residential real property~~Dwelling Unit.

...

4. Tenant's Right of First Return.

a. Return Within Five (5) Years ~~of~~to a Covered Rental Unit. A Tenant may return to the Covered Rental Unit if a Landlord returns the Covered Rental Unit to the residential rental market within five (5) years after the effective date of withdrawal of the building. ~~A~~The Tenant of a Covered Rental Unit ~~whose Tenancy was terminated in accordance with this Section~~ is entitled to receive notice of the first right to return to rent the same Covered Rental Unit at the Rent previously charged ~~for the Covered Rental Unit~~ plus any annual ~~general~~Rent increases ~~available~~allowed under this

Chapter. The Landlord must deliver the notice to the Tenant in a form approved by the Department. ~~A Tenant may return to the Covered Rental Unit if:~~

~~(i) The Tenant has provided the Landlord a current mailing address and/or email address at which to receive notice from Landlord that Covered Rental Unit is available for Rent; and~~

~~(ii) The Landlord returns the Covered Rental Unit to the residential rental market within five (5) years after the effective date of withdrawal of a building containing the Covered Rental Unit from the residential rental market.~~

b. Return Within Ten (10) Years of A Dwelling Unit. A Landlord of a building containing a Dwelling Unit that was withdrawn from the residential rental market within the previous ten (10) years must provide one hundred twenty (120) days written notice to the County and previous Tenants of the Landlord's intent to return the Dwelling Unit to the residential rental market.

~~c. Any Tenant displaced from a Dwelling Unit in connection with the withdrawal of a building containing a Dwelling Unit from the residential rental market may request the first right of return from the Landlord within thirty (30) days of receiving notice from the County receipt by the County of at the Landlord's written notice of intent to return the Dwelling Unit to the residential rental market.~~

d. Nothing in this Section shall be construed to relieve the Landlord of the obligation to directly contact the former Tenant and to advise the Tenant that the withdrawn Dwelling Unit will again be offered for Rent. Notice shall be on a form approved by the Department.

ed. Registry. The County may create a registry of Tenant contact information for use by Tenants and Landlords to facilitate communication regarding the first right of return. Each Landlord shall use relevant information in the registry, in addition to information provided voluntarily by each Tenant, when complying with first right of return obligations and relocation assistance under this Chapter.

5. Fees. The County may establish fees for County-incurred costs ~~that shall be paid by~~when a Landlord ~~who exercises the ability to withdraw~~ Covered Rental Dwelling Units from ~~renter lease~~the residential rental market. ~~The County shall set the fee so as to recover all costs of administering the provisions of this Chapter.~~ The fees shall be paid to the County prior to the Landlord's ~~service of the notice to a~~ Tenant to withdraw the Dwelling Units ~~on any Tenant~~. Failure to pay the fees prior to service of the notice to the Tenants shall invalidate such notice.

6. Recordation of Memorandum. The Landlord shall record a memorandum, on a County approved form, with the County's Registrar Recorder/County Clerk encumbering the property where the Dwelling Unit is located within ten (10) days of providing notice to the County of the Landlord's intent to withdraw the Dwelling Units from the residential rental market.

a. The memorandum must be executed by the ~~fee owner(s) of the property~~Landlord.

b. The memorandum shall summarize the obligations of the ~~fee owner and~~ Landlord, and any successor in interest to the ~~fee owner and~~ Landlord ~~related to the property,~~ including and include the Tenant's ~~notice~~right to be

~~notified~~ receive notice of the first right to return to Rent the ~~upon~~ Dwelling Units returned to the residential rental market.

c. The summary memorandum must encumber the property for ten (10) years from the date of ~~its~~ Landlord's notice to the County to withdraw from the residential rental market.

d. The Landlord shall deliver to the Department a conformed copy of the recorded memorandum within sixty (60) days after filing ~~its~~ notice to the County to withdraw from the residential rental market.

SECTION 8. Section 8.52.110 shall be amended as follows:

8.52.110 Relocation Assistance.

A. Permanent Relocation Assistance. When relocation assistance is required by this Section to Tenants who are evicted from their Dwelling Unit pursuant to Section 8.52.090(E), the Landlord must make relocation assistance payment to an escrow in accordance with the Department's procedures and guidelines simultaneously served with the notice.

...

2. A Tenant who is either a Qualified Tenant or a Lower-Income Tenant, as defined in this Section, may receive additional relocation assistance.

...

b. Lower-Income Tenant. If one of the Tenants living in the Dwelling Unit from which the Tenants are to be displaced includes a lower-income person, as defined by California Health and Safety Code section 50079.5 ~~and annually~~

listed, as adjusted for household size, then all Tenants living in the Dwelling Unit are collectively entitled to the Lower-Income Tenant relocation assistance listed in the relocation fee schedule.

...

SECTION 9. Section 8.52.120 shall be amended as follows:

8.52.120 Notices to Tenants.

A. Mandatory Notices to Tenants. Landlords must provide to each Tenant a notice of Tenant rights under this Chapter. The Department shall publish a form notice of Tenant rights in English and other frequently spoken languages. Landlords must provide the form notice in the following circumstances and provide a copy to the Department:

...

SECTION 10. Section 8.52.130 shall be amended as follows:

8.52.130 Retaliatory Eviction and Anti-Harassment.

A. Retaliatory Eviction.

1. If the main intent of the Landlord ~~is~~in terminating a Tenancy or refusing to renew a Tenancy is retaliatory in nature, and if the Tenant is not in default as to the payment of Rent, then the Landlord may not terminate the Tenancy or refuse to renew the Tenancy or cause the Tenant to quit involuntarily.

...

B. Anti-Harassment. No Landlord, agent, contractor, subcontractor or employee of the Landlord shall, with respect to property used as a Dwelling Unit under

any Rental Agreement or other Tenancy or estate at will, however created, do any of the following in bad faith:

1. Interrupt, terminate, or fail to provide Housing Services required by contract or by federal, State, County, or local housing, health, or safety laws;

2. Fail to perform repairs and maintenance required by Rental Agreement or by federal, State or local housing, health, or safety laws;

...

SECTION 11. Section 8.52.140 shall be amended as follows:

8.52.140 Procedures and Guidelines.

The Director may develop and publish procedures and guidelines to aid in the implementation of this Chapter, ~~which procedures and guidelines must be approved by the Board.~~

[852BTCC]