



BOARD OF SUPERVISORS

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COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

"To Enrich Lives Through Effective and Caring Service"



Joseph M. Nicchitta
Director

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May 26, 2020

REVISED

The Honorable Board of Supervisors
County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

PUBLIC HEARING
INTRODUCTION OF AN ORDINANCE TO AMEND LOS ANGELES COUNTY CODE
TITLE 8 - CONSUMER PROTECTION, BUSINESS AND WAGE REGULATIONS
TO ESTABLISH ANNUAL RENTAL REGISTRATION FEES
RELATED TO THE MOBILEHOME RENT STABILIZATION ORDINANCE
AND RENT STABILIZATION ORDINANCE
(ALL DISTRICTS) (3 VOTES)

SUBJECT

Pursuant to your Board's direction, the Department of Consumer and Business Affairs (DCBA) recommends your Board introduce and set for adoption the attached Ordinance that establishes a two-tiered structure for rental registration fees pursuant to the Mobilehome Rent Stabilization Ordinance (MRSO) and Rent Stabilization Ordinance (RSO) in the amounts of \$90 for rental units subject both to rent regulation and just cause provisions ("Fully Covered Units"), and \$30 for rental units subject only to just cause provisions ("Just-Cause Only Units"). Landlords and Mobilehome Park Owners in the unincorporated area will be required to pay the associated rental registration fees annually per unit, including single-family homes but excluding units where landlords and tenants share a living space. Landlords of Fully Covered Units will be entitled to pass up to half of the annual fee to tenants, prorated on a monthly basis.

Due to the widespread economic hardship caused by the COVID-19 pandemic, DCBA will waive all registration fees for landlords who register their units pursuant to MRSO and RSO provisions no later than March 31, 2021.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING

1. Introduce, waive reading, and place on the Board of Supervisors' agenda for adoption on May 26, 2020, the attached Ordinance establishing a two-tiered rental registration fee related to the MRSO and RSO in the amounts of \$90 for Fully Covered Units and \$30 for Just-Cause Only Units in unincorporated Los Angeles County, effective June 25, 2020;
2. Find that approval of this Ordinance is exempt from the California Environmental Quality Act (CEQA), for the reasons stated in this letter.
3. Provide the Director of DCBA delegated authority to waive all registration fees for landlords who register their rental units pursuant to the MRSO and RSO by March 31, 2021, and authorize the Director to waive fees again after March 31, 2021 if necessary due to economic impacts caused by the COVID-19 pandemic.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to require landlords and mobilehome park owners who rent units which are subject to the administration and enforcement of the MRSO and RSO, including the "just cause" eviction protections, to pay an annual fee directly related to the financial responsibility placed upon DCBA in carrying out necessary programmatic services and duties.

The MRSO and RSO, adopted by your Board on November 19, 2019, protects tenants and mobilehome owners in unincorporated Los Angeles County from excessive rent increases and evictions without just cause, while also ensuring landlords receive a fair return on their investments. The MRSO and RSO include an annual requirement for all landlords of rental properties to register each rental unit, reporting requirements, due processes, appeals through a Rental Housing Oversight Commission (RHOC), and relocation assistance benefits to tenants. Pursuant to the adopted Ordinances, DCBA is authorized to charge fees to recover the costs for administering and enforcing these provisions.

DCBA proposes a tiered-fee structure that is grouped into the following two categories subject to the terms of the MRSO and RSO:

- **Fully Covered Units** (Rent-Stabilized) – Dwelling units or Mobilehome spaces that are subject to Rent Stabilization and "just cause" eviction protections under the Ordinances;

- **Just-Cause Only Units** (Not Rent-Stabilized but subject to Just Cause Protections) – Dwelling units or Mobilehome spaces subject to the just cause eviction protections, but exempt from the Rent Stabilization provisions of the Ordinances (such as single-family homes, condominiums, and recently constructed units)

Under this tiered structure, fees will be set based on a composite of the units and the category they fall under, as well as the assortment of resources necessary for administering services. This includes staff time to monitor and review required applications and appeals, enforcement costs, administering applicable “just cause” protections, and the creation and maintenance of the registration system.

Tiered Rental Registration Fees

Current estimates indicate there are 66,790 Just-Cause Only Units and 55,500 Fully Covered Units subject to the MRSO and RSO in unincorporated Los Angeles County. Through the proposed fee ordinance, landlords of Just-Cause Only Units will be required to pay an annual registration of **\$30** per unit, including single-family homes but excluding units where landlords and tenants share a living space, condominiums, and recently constructed units. This fee includes services to inform and enforce “just cause” eviction protections, including counseling, resolution of disputes in cases of eviction, registration and data tracking, and other related tasks.

Landlords of Fully Covered Units will be required to pay an annual rental registration fee of **\$90** for per unit or mobilehome space. The proposed fee amount for Fully Covered Units reflects the cost of providing services related to “just cause” protections, plus the cost of providing services for units subject to the rent regulation provisions of the RSO and MRSO. This includes, but is not limited to, reviewing applications for rent adjustment, tracking of Maximum Allowable Increases, processing fair-return applications, supporting the RHOC in the development of policies and procedures, staffing appeal hearings to the RHOC, enforcing violations of rent limits, and other related tasks. Landlords of Fully Covered Units are entitled to pass through up to half of the annual registration fee (up to \$45) to the tenants.

Fees will be payable annually and due on or before September 30th of each calendar year and must be paid as a condition of registering the rental units with the County. Any property owner who fails to pay the annual rental registration fee by September 30th of each year will be assessed a penalty in the amount equal to 10% of the unpaid balance of each dwelling unit, including the unpaid balance remaining from unpaid rental registration fees and late fees from prior years. The penalty may be waived if DCBA determines that reasonable cause exists for failure to pay the rental registration fee by the annual due date.

Comparison with Other Jurisdictions

In comparison with rent stabilization programs in nine jurisdictions surveyed across the State, the proposed two-tiered fee structure differs from most other programs that implement a flat fee for eligible rental units. While it is challenging to have a true comparison across jurisdictions due to size, range of services, and variation of fees, the proposed tiered fees for Fully Covered Units and Just-Cause Only Units at \$90 and \$30, respectively, is lower than six jurisdictions surveyed, including City of Berkeley - \$250, City of Mountain View - \$101, City of Oakland - \$101, City of Santa Monica - \$198, and City of West Hollywood - \$144. Among the jurisdictions surveyed, the City of Richmond is the only jurisdiction utilizing a tiered fee structure in the amount of \$212 for fully covered rental units, and \$112 for partially covered rental units.

Although the proposed tiered fee for Fully Covered Units (\$90) is higher than fees charged by the City of Los Angeles (\$38.75), the City and County of San Francisco (\$50), and the City of San Jose (\$85.04), the rent stabilization programs in these jurisdictions vary significantly. The City and County of San Francisco, for example, operationalizes their program solely through their Rent Board and does not manage a rental registry, which is a core feature of the County's program. As of April 2019, the City and County of San Francisco was assessing implementation of a rental registry, which is expected to increase its cost to operate the program. The City of Los Angeles charges landlords filing fees (up to \$50 for appeals) and application fees (\$25) on top of the annual registration fee. The proposed County two-tiered fee structure is tailored specifically for those subject to the MRSO and RSO and is inclusive of all services DCBA offers related to rent stabilization and just cause eviction protections, including counseling, resolution of disputes, review of applications for rent adjustment, capital improvements and primary renovations, tenant relocation, and appeals to the RHOC. Neither tenants nor landlords will be charged to access DCBA's services, other than the proposed annual fee.

The Department of Auditor-Controller reviewed and approved the proposed two-tiered fees and determined them to be reasonable for providing necessary programmatic services and duties.

If approved by your Board on May 26, 2020, the attached Ordinance will become effective on June 25, 2020.

FISCAL IMPACT/FINANCING

Adoption of this Ordinance by your Board will establish a two-tiered annual rental registration fee for all dwelling units covered by the MRSO and RSO to recover the reasonable regulatory and enforcement program costs associated with services provided by DCBA.

Based on the experiences of other jurisdictions that have established rent stabilization programs, it is likely that the County will not receive complete fee payments in the first several years of the program. Additionally, the recent COVID-19 pandemic has left landlords and tenants alike with substantial losses of income due to business closures, loss of hourly wages, or layoffs, hindering their ability to keep up with their rents and mortgages. Understanding the need for flexibility during this critical time, DCBA plans to waive all registration fees for Fiscal Year 2020-2021 for landlords that register their rental units pursuant to MRSO and RSO provisions no later than March 31, 2021. During this time, DCBA will provide landlords with information regarding registration requirements and additional resources available as part of the County's COVID-19 response. DCBA will continue to work with the Chief Executive Office during the regular budget process to address funding needs for the RSO and MRSO programs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the MRSO and RSO, all landlords will be required to pay an annual registration fee per dwelling unit upon registration through a web-based Rental Housing Registry System. Under Proposition 26, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. DCBA recommends your Board approve the fees as proposed.

The Department of Auditor-Controller reviewed and approved the proposed tiered fees of \$90 for Fully Covered Units and \$30 for Just-Cause Only Units, while County Counsel prepared and approved the attached required fee ordinance that incorporates the proposed tiered fees.

Pursuant to Government Code Section 54986(a), the County must hold a public hearing prior to the adoption of a new fee or increase of existing fees, and a notice of public hearing shall be published pursuant to Government Code Section 6062a. In accordance with Government Code Section 6062a, an updated notice of the time and place of said meeting, including a general explanation of the fees, will be published on or before May 16, 2020.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of this Ordinance will establish appropriate fees that allow the DCBA to recover costs expended to administer and enforce the MRSO and RSO.

ENVIRONMENTAL DOCUMENTATION

The adoption of the Ordinance is exempt from California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15061(b)(3), in that there is no possibility that the implementation of this Ordinance will have significant effects on the environment.

CONCLUSION

Upon Board approval, please return one adopted copy of this letter to the Department of Consumer and Business Affairs.

Respectfully submitted,



JOSEPH M. NICCHITTA
Director
Department of Consumer and Business Affairs

JMN:RC:DP:LM

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel
Auditor-Controller

Enclosures (1)



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

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MARY C. WICKHAM
County Counsel

May 20, 2020

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Joseph M. Nicchitta, Director
Department of Consumer and Business Affairs
B-96 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Re: Annual Rental Registration Fees Ordinance

Dear Mr. Nicchitta:

Enclosed please find the analysis and ordinance amending the Los Angeles County Code by establishing Chapter 8.65 (Annual Rental Registration Fees) of Title 8 - Consumer Protection, Business and Wage Regulations. This ordinance requires annual rental registration fees that are imposed in Chapters 8.52 (Rent Stabilization) and 8.57 (Mobilehome Rent Stabilization) that require landlords and mobilehome park owners to register each dwelling unit and mobilehome space in the unincorporated County of Los Angeles annually.

The ordinance and its accompanying analysis may be presented to the Board of Supervisors for consideration.

Very truly yours,

MARY C. WICKHAM
County Counsel

By


SAYUJ PANICKER
Deputy County Counsel
Government Services Division

APPROVED AND RELEASED:


LAWRENCE L. HAFETZ
Chief Deputy

SP:ec

Enclosure

HOA.102791466.1

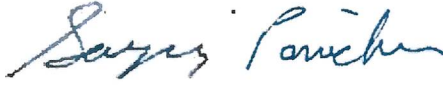
ANALYSIS

This ordinance amends Title 8 (Consumer Protection, Business and Wage Regulations) by adding Chapter 8.65 (Annual Rental Registration Fees) related to Chapter 8.52 (Rent Stabilization) and Chapter 8.57 (Mobilehome Rent Stabilization).

This ordinance defines the annual rental registration fee requirements of the Rent Stabilization and Mobilehome Rent Stabilization ordinances, which require landlords and mobilehome park owners to annually register each dwelling unit and mobilehome space.

Very truly yours,

MARY C. WICKHAM
County Counsel

By 
SAYUJ PANICKER
Deputy County Counsel
Government Services Division

SP:ec

Requested: 1/22/20
Revised: 5/12/20

ORDINANCE NO. _____

An ordinance amending Title 8 – (Consumer Protection, Business and Wage Regulations) by adding Chapter 8.65 (Annual Rental Registration Fees) related to Chapter 8.52 (Rent Stabilization) and Chapter 8.57 (Mobilehome Rent Stabilization).

This ordinance defines the annual rental registration fee requirements of the Rent Stabilization and Mobilehome Rent Stabilization ordinances, which require landlords and mobilehome park owners to annually register each dwelling unit and mobilehome space.

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

SECTION 1. Chapter 8.65 is hereby added to read as follows:

Chapter 8.65 Annual Rental Registration Fees for Chapters 8.52

(Rent Stabilization) and 8.57 (Mobilehome Rent Stabilization).

8.65.010 Short Title.

8.65.020 Definitions.

8.65.030 Annual Rental Registration Fees.

8.65.040 Penalties for Late Payment or Nonpayment of Rental

Registration Fee.

8.65.050 Procedures and Guidelines.

8.65.010 Short Title.

This Chapter shall be known as "Annual Rental Registration Fees."

8.65.020 Definitions.

The capitalized terms in this Chapter shall have the definitions set forth in Chapter 8.52 (Rent Stabilization) and Chapter 8.57 (Mobilehome Rent Stabilization).

8.65.030 Annual Rental Registration Fees.

Pursuant to Chapters 8.52 and 8.57 of this Title, on or before September 30th of each year, a registration fee of the following amounts are required to be paid by Landlords and Mobilehome Park Owners to perform, carry on, conduct, or engage in any activity regulated by Chapters 8.52 and 8.57.

- A. A fee of \$30 per Dwelling Unit which is exempt pursuant to Section 8.52.050 H.
- B. A fee of \$90 per Dwelling Unit not exempt pursuant to Section 8.52.050 H.
- C. A fee of \$90 per Mobilehome Space not exempt pursuant to Section 8.57.050 E.

8.65.040 Penalties for Late Payment or Nonpayment of Rental Registration Fee.

A. Any Landlord or Mobilehome Park Owner who fails to pay the annual rental registration fee on or before September 30th shall be assessed a penalty in an amount equal to ten percent (10%) of the unpaid balance for each Dwelling Unit and Mobilehome Space, including the unpaid balance remaining from unpaid rental registration fees and/or penalties from prior years.

B. If the annual registration fee and/or penalty for late payment is due and unpaid for a Dwelling Unit or Mobilehome Space, any rent increases pursuant to

Chapter 8.52 or Chapter 8.57 are unenforceable and void until the registration fee and late payments are fully paid.

C. If the Department determines, upon written application of the Landlord or Mobilehome Park Owner, that good cause exists for a Landlord's or Mobilehome Park Owner's failure to timely pay the registration fee in accordance with this Chapter, the Department may waive the penalties required by this Section.

8.65.050 Procedures and Guidelines.

The Department may develop and publish procedures and guidelines to aid in the implementation of this Chapter.

[CH865SPCC]