



DEAN C. LOGAN
Registrar-Recorder/County Clerk

LOS ANGELES COUNTY
REGISTRAR-RECORDER/COUNTY CLERK



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

March 01, 2022

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

39 March 1, 2022

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

**REQUEST APPROVAL AND AUTHORIZATION TO DEVELOP AND IMPLEMENT A
STATE MANDATED PROGRAM FOR RESTRICTIVE COVENANT MODIFICATION
PROGRAM, CHARGE AN ADDITIONAL TWO DOLLAR (\$2.00) FEE FOR EVERY
REAL ESTATE INSTRUMENT, REQUIRED OR PERMITTED BY LAW
TO BE RECORDED, EXEMPT SB2 FEES, AND ESTABLISH A SPECIAL REVENUE
FUND UNDER ASSEMBLY BILL (AB) 1466
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Los Angeles County Registrar-Recorder/County Clerk (Department), pursuant to Assembly Bill (AB) 1466 which amends Sections 12956.1, 12956.2, 27282 and 27388.1, and adds Sections 12956.3 and 27388.2 to the Government Code, requests approval and authorization to develop and implement a restrictive covenant modification program as well as charge an additional two dollar (\$2.00) fee for every real estate instrument, paper, or notice required or permitted by law for the purpose of funding the restrictive covenant programs established under these provisions. AB1466 also exempts restrictive covenant modification documents from the seventy-five dollar (\$75.00) Senate Bill (SB) 2 fees, and allows counties to establish a special revenue fund for the restrictive covenant modification program.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Registrar-Recorder/County Clerk (Department) to develop and implement a Restrictive Covenant Modification Program pursuant to California Government Code (GC) section 12956.3.
2. Authorize the Department to charge an additional fee of \$2.00 for the recordation of every real estate instrument, paper, or notice required or permitted by law to be recorded per (GC) 27388.2 for the purpose of funding a restrictive covenant modification program established under AB 1466 through December 31, 2027.
3. Authorize the Department to begin collection of the \$2.00 fee for every real estate instrument, paper, or notice required or permitted by law to be recorded for the purpose of funding the restrictive covenant modification program thirty (30) days after initial notice has been given to the general public.
4. Authorize the Department to establish a Special Revenue Fund so the funds generated by this fee will be used by the Department for the sole purpose of developing and implementing a restrictive covenant modification program pursuant to Section 12956.3(a).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department, as the official custodian of records for the County of Los Angeles (County), is responsible for maintaining real property records. AB 1466 would require the county recorder of each county in California to establish a restrictive covenant modification program to assist in the redaction of unlawfully restrictive covenants (clauses which mandate housing discrimination based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information) which are in violation of subdivision (l) of Government Code Section 12955. This action will enable the County's compliance with the State legislation.

Subject to authorization from the Board of Supervisors per GC 27388.2, and in accordance with applicable constitutional requirements, a county recorder shall impose a fee of \$2.00 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, for the purpose of funding the restrictive covenant modification program established under these provisions. The bill would exempt certain documents from the fee established pursuant to these provisions, and would prohibit a county recorder from charging the \$2.00 fee after December 31, 2027 unless the fee is reauthorized by the Board of Supervisors for a maximum of five (5) additional years. In addition, a Special Revenue Fund will be created for the purpose of collecting the above fee. The fee would be charged thirty (30) days after initial notice has been given to the general public.

Implementation of Strategic Plan Goals

This request supports the County Strategic Plan as follows:

Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

Service Excellence: Provide the public with effective delivery of services within the County by implementing integrated services to comply with legislative mandates contained in recorded documents available for public viewing while effectively managing existing resources. The use of the revenue generated from the additional fee will allow the County to comply with new State law and provide enhanced services at no additional cost to the County.

FISCAL IMPACT/FINANCING

The Department anticipates collecting approximately \$2.5 million per fiscal year, along with projected revenue in the current fiscal year, for the period of March 2022 through June 2022. The revenue collected will be accounted for in a budgeted special revenue trust fund with all related program expenses charged to the dedicated account. There is no impact to net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

AB 1466 imposes a state-mandated, local program and authorizes the Department, upon authorization

by your Board, to charge an additional fee of \$2.00 for every real estate instrument, paper, or notice required or permitted by law to be recorded for the purpose of funding a restrictive covenant modification program.

This bill would require the County Recorder of each county to establish a restrictive covenant modification program to assist in the redaction of unlawfully restrictive covenants in previously recorded documents in paper, books, microfilm, microfiche and imaged formats. The bill would require (1) each county recorder to prepare an implementation plan by July 1, 2022, (2) identify unlawfully restrictive covenants in the records of their office, and (3) redact unlawfully restrictive covenants after review and approval by County Counsel within a reasonable period of time not to exceed three (3) months. The bill also requires the County Recorder to make Restrictive Covenant Modification forms available to the public onsite or online and require the County to permit the submission of a form that will correct unlawfully restrictive covenants for multiple dwellings within a subdivision.

Additionally, the bill stipulates that the County Recorders Association of California submit reports to the Legislature by January 1, 2023 and January 1, 2025 detailing the progress of each county's restrictive covenant program as well as convene an annual best practices meeting to share ideas and solutions on the implementation of restrictive covenant programs.

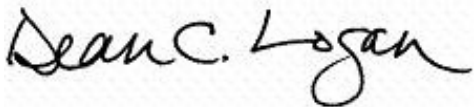
The Department estimates approximately one-hundred twenty-seven million (127,000,000) documents, which have been archived and maintained since the 1850s, will need to be reviewed for potential restrictive language. Currently, the Department maintains

documents in electronic format from 1977 forward. The recorded documents from 1850 through 1976 require conversion from microfilm and paper formats to an electronic format prior to performing Optical Character Recognition (OCR) to enable the redaction of the restrictive covenant language.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval will ensure the County's compliance with the new State law and enable the Department to collect the additional fee to develop and implement the requirements of AB 1466 through a newly established restrictive covenant modification program.

Respectfully submitted,

A handwritten signature in black ink that reads "Dean C. Logan". The signature is written in a cursive, flowing style.

DEAN C. LOGAN

Registrar-Recorder/County Clerk

DCL:JG:MBJP:AN:NHJS:VW:jw

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel