

MOTION BY SUPERVISORS SHEILA KUEHL AND
HOLLY J. MITCHELL

April 5, 2022

Establishing a Rental Housing Habitability and Rent Escrow Account Program in Los Angeles County

Within the Unincorporated Areas of Los Angeles County (County), according to the Tenant Protections Workgroup report, there are an estimated 119,161 rental units, 53,975 of which are located on properties with two or more rental units. The habitability of these units is of great concern to this Board and to the tenants who face the consequences of living in substandard housing. But there are also broader consequences. As stated in the Los Angeles Blue Ribbon Citizens Committee report, "...the health, social, and economic consequences of slum housing affects us all."

The County currently has a disconnected, patchwork enforcement process in place for rental housing, with multiple departments responsible for enforcing laws that were enacted to ensure that rental housing is safe and affordable. The Department of Public Health (DPH), the Department of Public Works (DPW), the Department of Regional Planning (DRP), the Department of Consumer and Business Affairs (DCBA), and the Los Angeles County Development Authority (LACDA) are each responsible for investigating complaints of unsafe living conditions related to their respective programs and specific focus areas. DRP is responsible for investigating the addition of illegal units

MOTION

SOLIS _____

KUEHL _____

HAHN _____

BARGER _____

MITCHELL _____

to a property; DPW is responsible for ensuring safe construction and addressing substandard structures; DPH is responsible for investigating substandard conditions, which includes vermin infestations, and deteriorated lead-based paint; DCBA is responsible for regulating rent increases and evictions; and LACDA is responsible for public and federally subsidized housing.

DPH investigates complaints on rental units, conducting annual unannounced inspections of apartment complexes with 5 or more units within the Unincorporated Area and in 85 contract cities throughout the County. During these inspections, DPH inspectors contact a minimum of 5 and at least 10% of the units to determine if there are maintenance issues that need to be resolved by the owner. Though DPH currently has the County's most extensive Housing Inspection Program, there are concerns and challenges in the current processes reported by tenants and advocacy groups. For example, due to inspections being conducted Monday through Friday during the hours of 9:00 AM and 5:00 PM, units are often inaccessible as the tenants are not at home.

The patchwork enforcement process also results in challenges for tenants who seek assistance from the County in obtaining correction of sub-standard conditions, as most tenants are not fully aware of which agencies are involved in the regulation of rental housing and many have trouble reaching the correct agency.

The Board has previously addressed sub-standard rental housing by establishing the Tenant Protections Workgroup, adopting a Rent Stabilization Ordinance to limit rent increases to 3% per year, limiting evictions in the Unincorporated Areas, and directing LACDA to analyze alternative code enforcement programs in other jurisdictions in order to determine the resources needed to adopt a systematic code enforcement program. On October 8, 2019, LACDA provided a report back identifying the scope of a potential Rental Housing Habitability Program (Program), including: routine inspections of any

living quarters occupied in exchange for rent, whether or not the residential use is legally permitted, scheduled every four years; a comprehensive inspection system checking for all State and County health, safety, and welfare related codes; a complaint-based component to address issues that arise between inspections; improving inter-departmental coordination; implementing a data system that integrates with the County's future rent registry system; effective enforcement tools including notices, fines, penalties for noncompliance, and a rent escrow program with a strategy to ensure that properties that enter the program do not remain indefinitely.

The workgroup determined that development of a well-crafted, efficient, and effective program would require approximately 24 months. The first 18 months would be required to draft the ordinance; develop the case management system; determine the budget, staffing, space, and equipment needs; and develop an outreach and education plan. The last six months would be needed to hire and train staff; develop program procedures and forms; develop the yearly inspection schedule; initiate the outreach and education plan; and launch the Program. While the Program will eventually fund itself, it is important to consider budgetary support for development and start-up costs for the first year of implementation. As we move towards COVID recovery, it is critical that the County create a centralized, routine, and proactive Program that ensures the health and safety of all rental units thereby improving the lives of renters, helping property owners maintain property values, and preserve the housing stock in the Unincorporated Areas of the County.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Instruct the Director of DPH, in consultation with County Counsel, the Director of DCBA, the Executive Director of LACDA, the Chief Executive Officer, DPW, DRP, the Treasurer and Tax Collector, the Office of the Assessor, and key

landlord and tenant stakeholders, to return to the Board within 18 months with an ordinance to implement the Rental Housing Habitability Program. At a minimum this ordinance should:

- a. Cover any living quarters occupied in exchange for rent, whether or not the residential use is legally permitted;
- b. Require inspections of each property at least once every four years, and potentially for specific properties every two years, that should, at a minimum, check for compliance with all State and County health, safety, and welfare codes;
- c. Provide complaint-based inspections to address issues that arise between scheduled inspections;
- d. Develop referral pathways to the appropriate departments;
- e. Include effective enforcement mechanisms that encourage repairs and proper maintenance;
- f. Include, beyond notices, fines, and penalties for non-compliance, a rent escrow program with a strategy to ensure that properties that enter escrow do not remain in escrow indefinitely. County should explore an option for the County or qualified nonprofits to acquire such rental properties in certain egregious cases;
- g. Include the development of a web-based case management system that is integrated with the County's rental registry system;
- h. Be based on a cost recovery model, in which annual registration fees cover annual program implementation costs. Landlords should be allowed to pass through 50 percent of registration costs; and
- i. Clearly identify overlaps between the new code enforcement program and

existing programs. DPH shall work with DCBA, LACDA, DRP, DPW to clearly define each department's areas of responsibility including enforcement and compliance, constituent support, outreach, and education. Efforts should prioritize the reduction of duplication, inefficiencies, and other challenges as much as possible, to meet program goals, ensure program efficiency, and provide quality customer service.

2. Direct DPH, DPW, DRP, DCBA, and LACDA to develop a coordination strategy that includes the integration of case management systems in order to share and validate information, manage case referrals, and perform other necessary tasks. The workgroup should conduct further research on other standards to potentially include and enforce through the ordinance, which address the unique needs and conditions of the Unincorporated Areas of the County;
3. Direct DPH, DPW, DRP, DCBA, and LACDA to determine the kinds of cross training in inspection modalities that would be appropriate among departments;
4. Direct DPH and applicable Departments to develop procedures for the implementation and enforcement of the Rental Housing Habitability Program;
5. Direct CEO, in consultation with DPH, DPW, DRP, DCBA, and LACDA to identify necessary bridge funding for the initial development of the program and report back in 60 days, and to identify resources for the first-year start-up costs and report back during the Fiscal Year 2022-23 supplemental budget phase and/or the following budget phase thereafter in support of program implementation; and
6. Provide a written report in 6 months on the progress being made.