

EXHIBIT B

ANALYSIS

This ordinance amends Title 8 – Consumer Protection, Business and Wage Regulations of the Los Angeles County Code to create a Rent Escrow Account Program (REAP). The ordinance:

- Provides an additional method to obtain compliance when a Rental Housing Property or Unit is out of compliance with habitability standards and the Landlord fails to correct any cited conditions or violations in a timely manner.
- Creates the position of the County REAP Administrator who is responsible for administering REAP, which includes, but is not limited to, the following: managing tenant outreach and education, creating an escrow account, and maintaining the required accounting documents.
- Allows a Hearing Officer to order rent reductions in line with the severity of the violations as set forth in the rent reduction schedule, following the placement of a property into REAP.

DAWYN R. HARRISON
County Counsel

By 
VANESSA MIRANDA
Deputy County Counsel

VM:rg

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ORDINANCE NO. _____

An ordinance amending Title 8 – Consumer Protection, Business and Wage Regulations of the Los Angeles County Code to create a Rent Escrow Account Program (REAP).

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

SECTION 1. Chapter 8.55 is hereby added to read as follows:

CHAPTER 8.55 RENT ESCROW ACCOUNT PROGRAM (REAP).

8.55.010 Short Title.

8.55.020 Declaration of Findings and Purpose.

8.55.030 Definitions.

8.55.035 Creation of County REAP Administrator and Authority to Administer.

8.55.040 Recommendation and Referral to REAP.

8.55.050 Review for Placement into REAP.

8.55.060 Rent Reduction.

8.55.070 Rent Reduction Schedule.

8.55.080 REAP Hearings.

8.55.090 Escrow Account.

8.55.100 Termination of Rent Reduction and Removal from REAP.

8.55.110 Tenant Protections.

8.55.120 Contact with Tenants.

8.55.130 Recording of REAP Order and Removal from REAP.

8.55.140 **Collection of REAP Fees.**

8.55.150 **Rent Escrow Account Program Standards.**

8.55.160 **Severability.**

8.55.170 **Effective Date.**

8.55.010 **Short Title.**

This Chapter shall be known as the "Rent Escrow Account Program" or "REAP".

8.55.020 **Declaration of Findings and Purpose.**

A. The Board of Supervisors finds that to facilitate compliance with State and local laws and regulations establishing habitability standards for rental housing, there is a need to establish a program creating a rent escrow account, as well as to allow for rent reductions due to ongoing non-compliance with habitability standards. The program will ensure repairs, maintenance and other activities are funded to address substandard housing conditions.

B. The Board of Supervisors finds that the creation of this additional enforcement mechanism is necessary to ensure that all rental housing properties subject to Chapter 8.53 are maintained in a manner consistent with the requirements under the California Health and Safety code, to protect the health, safety, and welfare of the public.

C. The purpose of this Chapter is to provide an additional method to enforce the Rental Housing Habitability Ordinance set forth in Chapter 8.53 by establishing a Rent Escrow Account Program that can be utilized to encourage compliance by Landlords for maintenance and repair of Residential Housing Properties and Units.

D. The provisions of this Chapter shall apply to all Rental Housing Properties and Units within the unincorporated areas of the County as set forth in Section 8.53.020.

8.55.030 Definitions.

The following Definitions shall apply to this Chapter:

- A. "Code" means the Los Angeles County Code.
- B. "County" means Los Angeles County.
- C. "County Housing Program Chief" means the Director of the Department of Public Health or their duly authorized representative as established in Section 8.53.090.
- D. "County REAP Administrator" means the Director of the Department of Consumer and Business Affairs or their duly authorized representative.
- E. "Department" means the Los Angeles County Department of Public Health.
- F. "DCBA" means the Los Angeles County Department of Consumer and Business Affairs.
- G. "DPW" means the Los Angeles County Department of Public Works.
- H. "DRP" means the Los Angeles County Department of Regional Planning.
- I. "Enforcement Agency" means the Department, DCBA, Los Angeles County Fire Department, DPW, DRP and/or any other governmental agency that enforces habitability, building and safety standards, or compliance with any other laws impacting health, safety, welfare or habitability.

J. "Hearing Officer" means an individual who will conduct a fair and impartial Administrative Hearing under this Chapter, including an individual with the Office of the County Hearing Officer, if one has been created, as well as individuals on the Rental Housing Habitability Board.

K. "Inspector" means any County employee who conducts rental housing inspections at the direction of the County Housing Program Chief in accordance with the provisions of this Chapter and who has training in the investigation, detection, and enforcement of violations of laws related to public health, safety, and welfare.

L. "Integrated Pest Management" means ongoing prevention, monitoring and pest control activities, and reasonable efforts to eliminate pests from any Rental Housing Property and/or Unit under this Chapter. This includes, but is not limited to, reasonable efforts to eliminate harborages and conditions conducive to pests, the use of traps, and, when necessary, the use of pesticides.

M. "LACDA" means the Los Angeles County Development Authority.

N. "Landlord" means a building owner, ground lease lessee, lessor, sublessor, or any other person entitled to offer any Rental Housing Unit for rent or entitled to receive rent for the use and occupancy of a Rental Housing Unit, and the agent, representative, or successor of any of the foregoing.

O. "Local Contact Representative" means a designated person by the Landlord to act on behalf of the Landlord for all purposes under this Chapter, including the acceptance of service of all notices from the County Housing Program Chief and the County REAP Administrator.

P. "Order" or "Orders" means one (1) or more order(s) or notice to comply, correct, or abate a condition or violation issued by an Enforcement Agency, or as may be contained in the Rental Housing Official Inspection Report.

Q. "REAP" means the Rent Escrow Account Program.

R. "Registrar-Recorder" means the Los Angeles County Registrar-Recorder's Office.

S. "Rental Housing Habitability Board" means the board comprised of three (3) persons who are County employees with the duties proscribed in Section 8.53.140 or Section 8.55.080.

T. "Rental Housing Official Inspection Report" means the report written by the Inspector after the inspection of a Rental Housing Property and/or Unit issued by the County Housing Program Manager to a Landlord or Local Contact Representative, that contains the findings of the inspection and the conditions that are a violation and require correction, repair, or abatement by a specified compliance date.

U. "Rental Housing Property" means all Rental Housing Units on a parcel or lot or contiguous parcels or contiguous lots under common ownership.

V. "Rental Housing Unit" means a building or portion of a building that is rented or leased to one (1) or more Tenants for residential purposes, and which is owned in whole or in part by a Landlord, subject to the limitations set forth in Section 8.53.040.

W. "RSTPO" means the Rent Stabilization and Tenant Protections Ordinance as found in Chapter 8.52.

X. "Tenant" means a tenant, subtenant, lessee, sublessee, or any other person, excluding ground lease lessees, entitled under the terms of a lease or other oral or written agreement between the Landlord and Tenant establishing the terms and conditions of their legal right to the use or occupancy of any Rental Housing Unit.

Y. "Underlying Defect" means a physical condition in a Rental Housing Unit that is causing or has caused a violation, which includes, but is not limited to, a condition that causes an indoor mold hazard, such as a water leak or water infiltration from plumbing or defective masonry or other moisture condition, or causes an infestation of pests, including holes or entryway paths for pests.

Z. "Unincorporated Areas" means areas in Los Angeles County outside the jurisdictional boundaries of incorporated cities.

8.55.035 **Creation of REAP Administrator and Authority to Administer.**

A. There is established a County REAP Administrator as defined in Section 8.55.030 D.

B. The County REAP Administrator shall have the authority to administer the REAP as defined in this Chapter.

8.55.040 **Recommendation and Referral to REAP.**

A. As further described in this Chapter, REAP consists of a process in which the County Housing Program Chief recommends the placement of a Rental Housing Unit or Property into REAP and/or other additional inspections, fees and other actions, due to one or more ongoing and outstanding Orders. The recommendations require a

Hearing Officer make the final determination of placement into REAP, the establishment of an escrow account, rent reductions and any other additional inspections, fees and other actions, and the release of escrow account funds to undertake repairs and other activities to achieve compliance with any outstanding Orders. Upon compliance, this Chapter also provides the process for a Rental Housing Unit and/or Property to be removed from REAP and sets forth the payment of any fees and disbursement of any remaining escrow account funds.

B. The County Housing Program Chief, any Enforcement Agency in coordination with the County Housing Program Chief, or any Tenant may refer any Rental Housing Property and/or Unit within the scope of this Section to be assessed for placement into REAP, if each of the following conditions are met:

1. The Rental Housing Property or Unit is subject of one (1) or more ongoing or outstanding Order(s) at the time of the referral into REAP;

2. The time allowed for compliance, including any extensions, has expired without having achieved compliance; and

3. The violation(s) cited affect the health, safety, or welfare of the Tenant(s), or if the Rental Housing Unit is subject to the County's RSTPO and the violation(s) results in a deprivation of housing services, as defined in Section 8.52.030

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C. The referring agency shall indicate in its referral whether the violation(s) cited is/are of the nature that they are likely to exist in or affect one or more Rental Housing Units that have not been inspected and whether the recommendation is for

those Rental Housing Units to also be placed into REAP. If the recommendation is to place into REAP, the County Housing Program Chief shall specify the violation(s), the ongoing and outstanding Order(s) and details supporting the recommendation.

8.55.050 Review for Placement into REAP.

A. The County Housing Program Chief shall verify that the time period for compliance with any outstanding Orders, including any extensions, has expired.

B. The County Housing Program Chief shall determine whether there are other violations against the Rental Housing Property and/or Unit that remain ongoing and outstanding.

C. After completing the review, the County Housing Program Chief may recommend to the Hearing Officer that the Rental Housing Property and/or Unit be placed into REAP. If there are other outstanding Orders affecting additional Rental Housing Units, those units shall also be recommended for placement into REAP.

D. Upon determining that the Rental Housing Property and/or Unit is appropriate for a recommendation for placement into REAP, the County Housing Program Chief shall issue a written decision recommending placement into REAP, setting forth the following:

1. The date of the Order(s) that has not been complied with and the citing Enforcement Agency.
2. The outstanding violations.
3. The Rental Housing Unit(s) identified by the County Housing Program Chief that will be affected by the decision.

4. The recommended amount of rent reduction per Rental Housing Unit, following the rent reduction schedule in Section 8.55.070.

5. The date on which the proposed rent reduction will be effective, if affirmed by the Hearing Officer.

6. The date on which an escrow account will be established by the County REAP Administrator. Payments will not be accepted into the escrow account until the rent reduction effective date.

7. Notice that the County REAP Administrator will collect a non-refundable administrative fee of one-hundred and thirty-seven dollars (137) per Rental Housing Unit that is placed into REAP per month, that will be collected in accordance with Section 8.55.140, and become a personal obligation of the Landlord. The Landlord will be billed directly only for those Rental Housing Units that are placed into REAP. The County REAP Administrator may pursue all other remedies provided by law and may collect any judgment, fee, cost, or charge, including any permit fees, fines, late charges, or interest, incurred in relation to the provisions of this Chapter.

8. A statement describing the Tenant protections set forth in Section 8.55.110.

9. The date on which the administrative hearing will be held, including a statement that enforcement will be stayed until a final administrative decision is issued and that the Hearing Officer's decision will be the final administrative decision unless appealed pursuant to Section 8.55.080 C, and that additional rent reductions may be imposed at the administrative hearing as set forth in Section 8.55.080 B.5.

E. The County Housing Program Chief's recommendation to place the Rental Housing Property and/or Unit into REAP and recommendation for the specified amount for rent reduction shall be served upon the Landlord/Local Contact Representative by certified United States mail. Additionally, the recommendation shall be mailed to Tenant(s) in all Rental Housing Unit(s) identified by the County Housing Program Chief to be affected, by first class United States mail.

F. Upon a Rental Housing Property and/or Unit being recommended for placement into REAP and recommendation for the specified amount of rent reduction, the County Housing Program Chief shall consider whether that Rental Housing Property and/or Unit should be referred for routine inspections pursuant to Section 8.53.105 B.2.

8.55.060 Rent Reduction.

A. Rent Reduction Schedule. In recommending a rent reduction, the County Housing Program Chief shall use a rent reduction schedule setting forth the amount by which the rent may be reduced, as approved by the Los Angeles County Board of Supervisors and found in Section 8.55.070. Factors to be considered include the nature of the violation(s), the severity of the condition(s), and the history of the Rental Housing Property. The County Housing Program Chief may recommend a maximum amount for the rent reduction if necessary to prevent abandonment of the Rental Housing Property or exacerbation of health and safety violations.

B. The County Housing Program Chief's determination to recommend a rent reduction per Rental Housing Unit is separate and apart from any rent adjustment

determination made by DCBA under Section 8.52.060 B. Any reduction or adjustment in rent made by either the County Housing Program Chief and/or DCBA is cumulative.

C. Effective Date. The rent reduction effective date shall be the date of the Hearing Officer’s decision to place a Rental Housing Property t into REAP.

8.55.070 Rent Reduction Schedule.

A. This schedule shall be the basis by which rent shall be reduced for Rental Housing Units placed into REAP:

CATEGORY	LOW SEVERITY	MEDIUM SEVERITY	HIGH SEVERITY
Nuisance Conditions	10%	15%	20%
Structural Hazards	10%	15%	20%
Fire Warning Devices	10%	15%	20%
Exiting	10%	15%	20%
Fire Protection Equipment	10%	15%	20%
Hazardous Storage	10%	15%	20%
Failure to Test/Certify	10%	15%	20%
Failure to Manage/Secure	10%	15%	20%
Sanitation/Infestation	10%	15%	20%
Weather Protection	10%	15%	20%
Maintenance	10%	15%	20%
Electrical	10%	15%	20%
Plumbing/Gas	10%	15%	20%

Heating/Ventilation	10%	15%	20%
Illegal Construction	10%	15%	20%

B. For the purposes of this section, Illegal Construction includes the construction, alteration, addition, repair, demolition, removal, or moving of any building, structure, or portion thereof, without obtaining a required building permit from DPW or entitlement from DRP in the manner and according to the applicable conditions prescribed in this Code, including but not limited to Title 22 and 26.

C. For the purposes of this section, Illegal Construction does not include the following:

1. Installation, alteration, or repair of ventilation equipment or ductwork; electrical equipment; plumbing lines and fixtures; and any other similar work not included within the scope of a valid building permit; and

2. Illegal housing accommodations (see "housing accommodation" as defined by California Government Code section 12927(d)).

8.55.080 REAP Hearings.

A. Hearing.

1. The administrative hearing held to address the County Housing Program Chief's recommendation that a Rental Housing Property and/or Unit be placed into REAP shall be held following the procedures set forth in Section 8.53.140.

2. The County Housing Program Chief shall investigate whether there are other ongoing and outstanding Orders against the Rental Housing Property and/or

Units, and, if so, shall provide notice of the administrative hearing to any additional Tenant(s) affected by those Order(s).

3. Tenant(s) and the County Housing Program Chief may present proof that the violation(s) cited in the Order(s) or Rental Housing Official Inspection Report, that were issued, affect additional Rental Housing Unit(s) that were not originally included in the County Housing Program Chief's recommendation.

4. The Landlord may present proof that a rent reduction is not appropriate because the violation(s) was caused by the Tenant(s). The burden shall be on the Landlord to prove by a preponderance of the evidence that the Tenant(s) caused the violations.

5. The Landlord and any Tenant or Enforcement Agency may present proof that, due to extreme circumstances, placement into REAP or any rent reduction would jeopardize the health, safety, or welfare of the Tenant(s). The Landlord has the burden of demonstrating unique, extreme circumstances that make any requested relief appropriate.

6. For the administrative hearing, the County Housing Program Chief shall review the County's Rent Registry and submit the necessary documents to the Hearing Officer, listing the names and current rents of all Tenants in Rental Housing Units subject to REAP.

B. Hearing Officer Decision.

1. The Hearing Officer shall issue a written decision within ten (10) business days of the conclusion of the administrative hearing as set forth in Section 8.53.140 G.

2. The Hearing Officer may affirm, modify, or reject the recommendation of the County Housing Program Chief to place a Rental Housing Property into REAP. The Hearing Officer shall find that each of the conditions set forth in Section 8.55.040 exists in affirming the placement of a Rental Housing Property and/or Unit(s) into REAP and reduction of rent and must include in their decision all of the evidence relied upon in the making of the decision. The Hearing Officer may modify or reject the determination of the County Housing Program Chief only upon making written findings setting forth specifically either:

a. That the action of the County Housing Program Chief was in error or constituted an abuse of discretion, or

b. There is new, relevant information supporting a modification or reversal that was not previously submitted at the time of the recommendation for referral into REAP due to mistake, surprise, inadvertence, lack of notice, or excusable neglect, or;

c. There was a violation of due process, a violation of the California or United States Constitution, or as otherwise allowed by law.

3. If the Landlord was already in compliance with the Order(s) before the date of the administrative hearing, the County Housing Program Chief's decision to refer the Rental Housing Property and/or Unit to REAP shall be reversed.

4. If the County Housing Program Chief's recommendation is affirmed or modified by the Hearing Officer, the rent reduction effective date shall be the date of the Hearing Officer's decision. The Hearing Officer's decision shall be the final administrative decision unless the matter is appealed pursuant to Subsection C, below.

5. If during the administrative hearing, a Tenant or Enforcement Agency presents proof that the violations specified in the Order(s), at the time the Order was issued, affected additional Rental Housing Unit(s) that had not been inspected, or that there are additional outstanding Order(s) affecting the Rental Housing Property and/or Unit(s) that were not included in the original recommendation of the County Housing Program Chief, the Hearing Officer may order further rent reductions in accordance with the rent reduction schedule in Section 8.55.070, and/or place additional Rental Housing Unit(s) into REAP.

6. Prior to determining that any additional Rental Housing Unit(s) not included in the original recommendation of the County Housing Program Chief will be placed into REAP for rent reduction, the Hearing Officer shall continue the administrative hearing as to the additional Rental Housing Unit(s) to provide an opportunity to be heard, upon request by the Landlord. The Hearing Officer may issue a decision as to the Rental Housing Units included in the original recommendation of the County Housing Program Chief prior to the continued administrative hearing date or may wait and issue a single Hearing Officer's decision covering all the Rental Housing Units. The effective date of rent reductions as to the Rental Housing Units included in the original decision of the County Housing Program Chief is identified as the date of

the Hearing Officer's decision. If the administrative hearing is continued, the effective date of rent reductions as to additional Rental Housing Unit(s) will be the date of the Hearing Officer's decision issued after the administrative hearing for the additional Rental Housing Unit(s).

7. If the Hearing Officer finds that the violation(s) or condition(s) are of such a nature or extent that they are likely to be found in or affect several Rental Housing Units, the Hearing Officer may order the rent reduction extended to additional Rental Housing Units that were not included in the original decision of the County Housing Program Chief without proof of an outstanding Order for those Rental Housing Units if the Hearing Officer determines that, due to the nature of the violation, other Rental Housing Units are likely impacted. The Hearing Officer decision shall state the finding(s) justifying extending the rent reductions to the additional Rental Housing Units.

8. The Hearing Officer may order the Rental Housing Property and/or Unit(s) for a routine inspection pursuant to Section 8.53.105. If the Rental Housing Property and/or Unit(s) has already had a routine inspection within the past four (4) years, the Hearing Officer may order the Landlord to pay an inspection fee pursuant to Section 8.53.140 G.5.

9. Under a showing of clear and convincing evidence, the Hearing Officer may delay, reduce, stay, or deny the placement into REAP or any rent reduction, notwithstanding that the condition(s) or violation(s) set forth in Section 8.55.040 have not been corrected or abated, when to do otherwise would jeopardize the health or safety of the Tenant(s) or would violate the constitutional rights of any person. Such

decision shall state in writing, the supporting evidence and circumstances. The mere reduction of income available to make repairs shall not constitute extraordinary circumstances.

10. If the Hearing Officer's decision is to affirm the placement of the Rental Housing Property and/or Unit into REAP, the Landlord shall attend a REAP workshop provided by the County REAP Administrator within thirty (30) calendar days of the issuance of the written decision.

C. Appeal of Administrative Hearing Decision.

1. The Landlord, any Tenant, or the Enforcement Agency may file an appeal which shall be heard by an individual who will conduct a fair and impartial Administrative Appeal Hearing under this Chapter and Chapter 8.53, the Office of the County Hearing Officer, if one has been created, or the Rental Housing Habitability Board, following the procedures set forth in Section 8.53.170. If a Hearing Officer's decision to place a property into REAP is appealed, enforcement of REAP will be stayed until the appeal is final. An application filing fee is required, unless waived by the County Housing Program Chief as set forth in the REAP standards promulgated pursuant to Section 8.55.150.

2. If the appeal is denied, any rent reduction shall be applied retroactively to the date of the Hearing Officer's decision pursuant to Subsection B.1, above.

3. If the Hearing Officer's decision imposed additional rent reductions that were not included in the original recommendation into REAP, and if the violation(s)

on which those reductions were based have not been corrected by the time the appeal was filed, then the rent reduction(s) shall be applied retroactively to the date of the Hearing Officer's decision pursuant to Subsection B.1, above.

8.55.090 Escrow Account.

A. Establishment of Escrow Account.

1. Within five (5) business days after the decision placing a Rental Housing Property and/or Unit into REAP has become final, the County REAP Administrator shall establish as part of the REAP Trust Fund, an account for the Rental Housing Property and/or Unit, into which Tenants may choose to deposit rent payments. The County REAP Administrator shall mail notification to all affected Tenant(s) of the existence of the escrow account, including an explanation of how payments may be deposited into the account and when the County REAP Administrator will begin to accept payments. The County REAP Administrator shall provide a receipt to each Tenant making a deposit. The County REAP Administrator shall provide, at least once a month, a report to the Landlord concerning the activity in the escrow account. The records of the escrow account shall be made reasonably available to the Landlord. The funds held in each account established by the County REAP Administrator shall be disbursed upon termination of the account in accordance with this Section. The County REAP Administrator shall bill directly to the Landlord the monthly administrative fee of one hundred and thirty-seven dollars (137) for each individual rent payment made into the account. Only one (1) such fee shall be deducted for each Rental Housing Unit for each month that a Unit remains in REAP.

B. Withdrawals from Escrow Account.

1. A Landlord, any Tenant, any Enforcement Agency, and any creditor of the Landlord may apply to the County REAP Administrator to schedule an administrative hearing before the Hearing Officer to request release of funds from the escrow account. Escrow account funds may be withdrawn for the following reasons, which include but are not limited to:

- a. When necessary to prevent a significant diminution of an essential service to the building, including utilities.
- b. When necessary to pay for essential services to the building, including utilities, trash services, security, pest control, and managerial services.

Prepayment of the expenses does not preclude the need for approval of the request under this Section.

- c. When necessary for the correction of deficiencies, including, but not limited to, those that caused the placement into REAP;

- d. When, to the extent legally permissible, requested by a Tenant who has performed or wishes to repair conditions that affect the Tenant's health, safety, or welfare, that result in a deprivation of housing services as defined in Section 8.52.030 N, or that result in a habitability violation as defined in Section 8.53.120. Those repairs are not limited to the repair of violations that caused the placement into REAP;

e. For repairs in excess of five hundred (500) dollars, the Tenant must submit an estimate or invoice from a licensed contractor, which includes labor, materials, and permit costs, if applicable;

f. Tenants may jointly apply for repairs of deficiencies in the common areas of the building that also affect their Rental Housing Units;

g. For unpaid estimates or invoices, payment shall be made directly to the contractor. If the amount approved is more than one thousand (1,000) dollars, the County REAP Administrator shall withhold fifty (50) percent of the funds approved until verification by the County Housing Program Chief that the work has been completed in a satisfactory manner. The withheld funds shall be released and available for other withdrawals if no verification is obtained within one (1) year of the date of the Hearing Officer's decision approving the withdrawal;

h. When requested by a Tenant who wishes to or has relocated from the Rental Housing Unit or Property. These withdrawals are not limited to the amount of relocation assistance permitted by Section 8.52.110;

i. When requested by a Tenant who has sustained expenses due to uninhabitable conditions; or

j. When ordered by a court.

2. Upon receipt of an application for release of funds, the Hearing Officer shall hold an administrative hearing within fifteen (15) business days of receipt of the application, following the procedures set forth in the REAP standards and policies promulgated pursuant to Section 8.55.150. The Hearing Officer shall order the release

of funds from the escrow account where it has been demonstrated to the satisfaction of the Hearing Officer that the conditions set forth in Subsection B.1, above, have been met.

3. When necessary to address an imminent threat to the health, safety, or welfare of the occupants, or to prevent the termination of utilities, the Hearing Officer may order the release of funds without a hearing or on shortened notice.

4. Any aggrieved party may file an appeal of the Hearing Officer's decision to withdraw or release funds under Section 8.55.080.

5. The pendency of an unlawful detainer action or an unlawful detainer judgement shall not prevent the disbursement of funds to a Tenant. The Hearing Officer shall take into account the facts and circumstances of the unlawful detainer action.

6. The Hearing Officer shall deny the application upon a determination that the application is intended, in whole or in part, to circumvent the provisions of this Chapter.

8.55.100 Termination of Rent Reduction and Removal from REAP.

A. After receiving notice that all Order(s) have been complied with and all conditions and violations have been corrected and abated, including but not limited to those that caused the placement into REAP and any subsequent Orders, or condition(s) or violation(s), including those contained within the Rental Housing Official Inspection Report, the County Housing Program Chief may recommend to the Hearing Officer, the termination of the rent reduction(s) upon a finding that:

1. All Order(s) affecting the Rental Housing Property and/or Unit(s) and the common areas have been signed off by the County Housing Program Chief or appropriate Enforcement Agency, confirming the correction or abatement of any condition(s) or violation(s) which served as the basis for placement into REAP; and

2. There are no other outstanding Orders affecting the Rental Housing Property and/or Unit(s) or common areas of the building.

B. A Landlord may submit to the County Housing Program Chief an application to terminate the rent reduction for certain Rental Housing Units, notwithstanding the continuation of condition(s) or violation(s) affecting other Rental Housing Units, if the conditions set forth in Subsection A, above, are met for those Rental Housing Units. The Landlord may only submit one (1) application for each Rental Housing Property. The County Housing Program Chief shall review any application and recommend termination only if it finds that only minor violations remain in the other Rental Housing Units.

C. If the Hearing Officer terminates the escrow account established for a Rental Housing Property and/or Unit, any remaining funds in the escrow account shall be paid in the following order:

1. Any administrative fees authorized in Section 8.53.150 that have not yet been collected may be withdrawn from the escrow account. However, before funds in the escrow account are paid for administrative fees, the County REAP Administrator shall process all applications for withdrawal or release of funds from the escrow account as described in Section 8.55.090 B.

2. Any outstanding fees, fines, and penalties imposed pursuant to Section 8.53.150.

3. Any outstanding rent registration fees or fines in a building covered by the RSTPO and any penalties pertaining thereto pursuant to Section 8.52.160.

4. If applicable and if authorized by law, prepayment of two (2) annual inspection fees beyond the initial inspection and reinspection fee set forth in the Rental Housing Habitability Program and Section 8.53.050, to the County Housing Program Chief for each property that was placed into REAP.

D. If there are insufficient funds in the escrow account to pay the outstanding fees, fines, and penalties in this Subsection, the Landlord shall be responsible for payment of these outstanding fees, fines, and penalties, following removal of the Rental Housing Property from REAP. The County REAP Administrator may follow the REAP regulations promulgated pursuant to Section 8.55.150 for collections of any outstanding fees, fines, and/or penalties.

E. Any escrow funds remaining following the payment of expenditures as provided herein and removal of the Rental Housing Property from REAP shall be returned to the Landlord who owned the Rental Housing Property at the time the Hearing Officer authorized the termination of the escrow account. The County REAP Administrator shall refund any remaining escrow account balance to the Landlord recorded with the Registrar-Recorder.

F. As a condition of terminating the escrow account, the Hearing Officer may order an expedited inspection and impose inspection fees and administrative costs

pursuant to Section 8.53.140. The Hearing Officer may also condition termination of the escrow account on payment of those fees or any other unpaid administrative fines or fees under Subsection C, above.

G. If the Hearing Officer terminates the rent reduction, the rent will be restored to the original amount thirty (30) days after the County REAP Administrator mails the Tenant(s) notice of the restoration.

H. The Hearing Officer may release a Rental Housing Property and/or Unit from REAP with the condition that additional annual inspections as provided in Subsection C, above, occur for the purpose of monitoring the Rental Housing Property.

8.55.110 Tenant Protections.

A. Evictions.

1. The gross amount of payments made into the escrow account by or on behalf of a Tenant shall be deemed as a payment in the same amount to the Landlord, including, but not limited to, for the purpose of determining whether a Tenant has paid rent as provided in this Code and/or State law. In any action by a Landlord to recover possession of a Rental Housing Unit, the Tenant may raise the fact of payments into the escrow account as an affirmative defense in the same manner as if the payments had been made to and accepted by the Landlord.

2. While a unit is in REAP, before bringing an action to recover possession on the basis of nonpayment of rent, the Landlord shall have a duty to verify in writing to the County REAP Administrator that the Tenant has not paid his or her rent to the escrow account. The County REAP Administrator shall respond within five

(5) business days to any request for verification. The Landlord shall not bring an action to recover possession based on nonpayment of rent without making this inquiry or if the Tenant or the County REAP Administrator presents proof that the Tenant has paid the rent due into the escrow account.

3. In any action by a Landlord to recover possession of a Rental Housing Unit, the Tenant may raise as a defense any violations by the Landlord of this Chapter or of the RSTPO. If the Tenant is the prevailing party, he or she shall be entitled to recover reasonable attorneys' fees and expenses.

B. Rent Increases.

1. For Rental Housing Units and/or Properties that are placed into REAP by the Hearing Officer, the Landlord or any subsequent Landlord shall not be permitted to increase the rent while in REAP. Once the Rental Housing Unit and/or Property is removed from REAP and for one (1) year thereafter, the Landlord or any subsequent Landlord shall not be permitted to increase the rent during such time as the Tenant resides in the Rental Housing Unit. The determination shall include the date of the Landlord's compliance for the purpose of calculating rent increases. If the Rental Housing Property and/or Unit is subject to the RSTPO, any automatic increase pursuant to Section 8.52.050 will not take effect for a period of one (1) year after the County Housing Program Chief determines that the Landlord has complied with the notice of decision. For a Rental Housing Property and/or Unit that is subject to the RSTPO, if the Landlord applies for an individual rent adjustment pursuant to Section 8.52.060, any authorized rent adjustment will not take effect for a period of one (1) year after the

County Housing Program Chief determines that the Landlord has complied with the Hearing Officer's decision.

2. If the Rental Housing Unit is a fully covered rental unit as defined by Section 8.52.030 L of the RSTPO, no pass-through cost recovery shall be allowed pursuant to Section 8.52.070 for reimbursement of costs for any corrections necessary to comply with the Order that resulted in the placement into REAP or any additional Order(s) issued while in REAP.

C. Remedies and Penalties. For the purposes of this Chapter:

1. Any Landlord who violates any of the provisions of this Chapter or who retaliates against a Tenant for the exercise of rights and/or duties under this Chapter, an aggrieved Tenant may institute a civil action, as allowed under Chapter 8.53. The Landlord shall be liable in a civil action for damages and a penalty of no less than two thousand (2,000) dollars and no more than five thousand (5,000) dollars, per violation, at the discretion of the court, together with reasonable attorneys' fees and expenses. If the aggrieved Tenant is older than sixty-two (62) years of age or disabled, the court may award an additional civil penalty of up to five thousand dollars (\$5,000) per violation, at the discretion of the court. Any judgment awarded in such an action may be collected from the escrow account upon application as set forth in Section 8.55.090 B.

2. The above remedies are not exclusive and do not preclude any Tenant from seeking other remedies or penalties provided by applicable law. No administrative remedy need be exhausted prior to filing suit pursuant to this section.

8.55.120 Contact with Tenants.

A. The County REAP Administrator shall contact the Tenant(s) of any Rental Housing Property before and/or after placement of the Rental Housing Property into REAP. This contact may be in person or by United States or electronic mail, and the County REAP Administrator may contract with other persons or organizations to carry out this activity and other operations required for REAP.

B. During this contact, the Tenant(s) shall be informed of the principal provisions of REAP, of the mechanism for payment into the escrow account by Tenant(s) of Rental Housing Unit(s) following placement into REAP, and of their legal rights with respect to eviction and rent increases under the provisions of this Chapter and the RSTPO.

8.55.130 Recording of REAP Order and Removal from REAP.

A. After the decision placing the Rental Housing Property and/or Unit(s) into REAP becomes final, the County REAP Administrator shall file and record with the Registrar-Recorder a certificate legally describing the real property and stating that the subject building has been placed into REAP and that the Landlord has been so notified.

B. After the Rental Housing Property and/or Unit(s) has been removed from REAP, the County REAP Administrator shall file and record with the Registrar-Recorder, a certificate terminating the above-recorded status of the subject building.

C. Collection Remedies: All fees and costs incurred by County Housing Program Chief pursuant to Section 8.53.150 shall be a personal obligation against the Landlord who owns the Rental Housing Property on the date that the Hearing Officer

removes the Rental Housing Property from REAP, recoverable by the County in an action before any court of competent jurisdiction. In addition to the personal obligation and all other remedies provided by law, the County may collect any judgment, fee, cost, penalty, or charge, including any permit fees, fines, late charges, or interest, incurred in relation to the provisions of this Code as provided.

8.55.140 Collection of REAP Fees.

A. The County REAP Administrator shall collect a non-refundable administrative fee of one-hundred and thirty-seven dollars (137) per Rental Housing Unit placed into REAP per month. Upon placement into REAP, the Landlord shall be notified of the information contained in this Section.

B. REAP Administrative Fees: For each Rental Housing Unit that is placed into REAP, the administrative fee of one-hundred and thirty-seven dollars (137) shall be billed directly to the Landlord by the County REAP Administrator monthly, for every month that a property remains in REAP.

C. Collection of Fees: For Rental Housing Units in which the one-hundred and thirty-seven dollars (137) administrative fee has not been paid, the fee may be collected from the escrow account in accordance with Section 8.55.090 B. If upon termination of REAP, there are insufficient funds in the escrow account to cover the outstanding administrative fees, the Landlord will be held responsible for the payment.

D. Collection Remedies: All fees and costs incurred by County Housing Program Chief pursuant to Section 8.55.050 shall be a personal obligation against the Landlord who owns the Rental Housing Property on the date that the Hearing Officer

removes the Rental Housing Property from REAP, recoverable by the County in an action before any court of competent jurisdiction. In addition to the personal obligation and all other remedies provided by law, the County may collect any judgment, fee, cost, penalty, or charge, including any permit fees, fines, late charges, or interest, incurred in relation to the provisions of this Code as provided.

E. Delinquent Fees and Late Fines: Fees are due per Rental Housing Unit for each month, including a pro rata fraction thereof for partial months, that the Rental Housing Unit remains in REAP and is occupied. Fees not paid by the Landlord within sixty (60) days from the last day of each month that fees are due are deemed delinquent. A late fine may be imposed on delinquent fees equal to fifty (50) percent of the amount due. Interest may also be charged where a Landlord fails to pay the fee or late fine and shall be calculated at the rate of one (1) percent per month, or a pro rata fraction thereof, on the amount of the fee and late fine imposed, from the date the fee became delinquent until the date of payment.

F. Notice of Late Fine. If the County REAP Administrator determines pursuant to Subsection E that late fines and interest are due, they shall notify the Landlord/Local Contact Representative by United States mail in a sealed envelope, with postage paid, addressed to the last known address of the Landlord as that address appears in the last equalized assessment roll. The County REAP Administrator may also take reasonable steps to determine the address of the current Landlord. The notice of late fine shall state the amount of the fee due and that:

1. "If the fee is not remitted to the County REAP Administrator within thirty (30) days after the date of mailing of this notice, the County REAP Administrator shall assess a late fine equal to fifty percent (50%) of the fee due. Any person who fails to pay the assessed fee and late fine shall also pay interest. Interest shall be calculated at the rate of one percent (1%) per month, or a pro rata fraction thereof for a partial month, on the amount of the fee and late fine, from the thirtieth (30th) calendar day after the date of mailing of this notice until the date of payment. All costs incurred pursuant to Section 8.55.050 of the Los Angeles County Code shall be a personal obligation against the Landlord, recoverable by the County in an action before any court of competent jurisdiction. In addition to the personal obligation and all other remedies provided by law, the County may collect any judgment, fee, cost, or charge, including any permit fees, fines, late charges, or interest, incurred in relation to the provisions of Section 8.53.150 as provided in the Los Angeles County Code."

G. Service of the notice of late fine shall be deemed to have been completed at the time of deposit with the United States Postal Service. The Landlord shall remit the fee to the County REAP Administrator within thirty (30) calendar days after the date of mailing the notice of the fee.

8.55.150 Rent Escrow Account Program Standards.

The County REAP Administrator, in coordination with the County Housing Program Chief, may promulgate standards, policies, procedures and guidelines to assure compliance with State law, the County Code, and the preservation of public health, safety, and welfare of Rental Housing Properties and Units in the

Unincorporated Areas. All standards, policies, procedures, and guidelines shall be posted on the official website for the Department and DCBA, and also available in hard copy to any person upon request. Violations of the foregoing shall constitute a violation of this Chapter.

8.55.160 Severability.

A. If any subsection, sentence, clause, or phrase of this Chapter is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Chapter. The Board of Supervisors hereby declares that it would have adopted this Chapter and each and every subsection, sentence, clause, and phrase thereof not declared invalid or unconstitutional, without regard to any portion of the Chapter that would be subsequently declared invalid or unconstitutional.

8.55.170 Effective Date.

This ordinance will take effect six (6) months from the date of final passage by the Board of Supervisors.

[CH855VMCC]