

ANALYSIS

This ordinance amends Title 8 – Consumer Protection, Business and Wage Regulations of the Los Angeles County Code, Chapter 8.52, Rent Stabilization and Tenant Protections to:

- Effective January 1, 2025, limit annual rent increases for fully covered rental units to sixty percent (60%) of the change in the consumer price index over the previous twelve-month period, not to exceed a maximum increase of three percent (3%).
- Allow qualifying small property landlords to exceed the maximum increase by an additional one percent (1%) annually, which in total shall not exceed four percent (4%).
- Allow luxury unit landlords to exceed the maximum increase by an additional two percent (2%) annually, which in total shall not exceed five percent (5%).
- Allow tenants who have a permanent physical disability related to mobility and who live in fully covered rental unit, to move into an accessible rental unit if certain conditions are met.

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By 

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BT:lb

Requested: 06/07/2024
Revised: 10/16/2024

ORDINANCE NO. _____

An ordinance amending Title 8 – Consumer Protection, Business and Wage Regulations of the Los Angeles County Code, Chapter 8.52, Rent Stabilization and Tenant Protections, limiting the annual increase of rent, effective January 1, 2025, to sixty percent (60%) of the percentage change in the average Consumer Price Index over the previous twelve-month period not to exceed a maximum rent increase of three percent (3%). This ordinance further allows a qualified small property landlord to increase rent by an additional one percent (1%) annually above the allowable maximum rent increase of three percent (3%), not exceed four percent (4%) in total, and allows a landlord to increase rent for a luxury unit by an additional two percent (2%) annually above the allowable maximum rent increase of three percent (3%), not to exceed five percent (5%) in total. This ordinance also incorporates protections to allow a tenant, who has a permanent physical disability related to mobility and who lives in a fully covered rental unit, to move into an accessible rental unit if certain conditions are met.

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

SECTION 1. Section 8.52.030 is hereby amended to read as follows:

8.52.030 Definitions.

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

A. "Accessible Rental Unit" means a Fully Covered Rental Unit located on the first floor or in a building with an operational elevator that has the same number of or

fewer, bedrooms and bathrooms, square footage, and parking spaces as the Physically Disabled Tenant's Fully Covered Rental Unit.

AB. "Base Rent" means the Rent charged on September 11, 2018, when the County Board of Supervisors declared its intent to regulate rent for residential properties in the Unincorporated ~~a~~Areas of the County, or at the initiation of the Tenancy, whichever is later, plus any rent increase allowed thereafter pursuant to the Interim Rent Stabilization Ordinance adopted by the Board of Supervisors on November 20, 2018, and this Chapter unless otherwise provided.

BC. "Board" means the County of Los Angeles Board of Supervisors.

GD. "Buyout Agreement" means a written agreement where a Landlord pays a Tenant money or other consideration to voluntarily move out of a Rental Unit.

DE. "Capital Improvement" means the addition, substantial repair or replacement of any improvements to Rental Units or common areas of the building which materially adds to the value of the building and appreciably prolongs its useful life or adapts it to new uses, and which is the same type of improvement as those allowed to be amortized over the useful life of the improvement in accordance with the Internal Revenue Code and its regulations and as specified in Section 8.52.070.

EF. "Code" means the Los Angeles County Code.

FG. "Commission" means the Rental Housing Oversight Commission created by the Board pursuant to County Code Chapter 8.64 to ~~oversee the implementation of this Chapter~~ hear, determine, and review the administrative decisions made by the

Department in its review of applications submitted by Landlords and Tenants related to this Chapter.

GH. "County" means the County of Los Angeles.

HI. "CPI" means the Consumer Price Index for all urban consumers ~~of the Los Angeles-Riverside-Orange County, California area,~~in the Los Angeles area (Los Angeles-Long Beach-Anaheim) or any successor designation of that index that may later be adopted by the U.S. Department of Labor. Calculation of the change in CPI percentage will be determined by the County Department and outlined in its procedures and guidelines.

IJ. "Days" means calendar days, which is all days including Saturdays, Sundays, and holidays, unless otherwise specified.

JK. "Department" means the County's Department of Consumer and Business Affairs, which oversees the implementation of this Chapter.

KL. "Ellis Act" means California Government Code sections 7060-7060.7.

LM. "Fully Covered Rental Unit" means: (1) Rental Units in the Unincorporated ~~a~~Areas of the County, which include two or more dwelling units, as defined under California Civil Code section 1940 subsection (c), for which a certificate of occupancy or equivalent permit for residential occupancy is issued on or before February 1, 1995, and (2) ~~M~~mobilehomes in a mobilehome park offered for Rent by the owner of the mobilehome regardless of the date of the certificate of occupancy or equivalent permit. The following are not considered a Fully Covered Rental Unit:

1. Rental Units that are expressly exempt from rent stabilization pursuant to California Civil Code section 1954.52 or federal law. This includes any Rental Unit that has a certificate of occupancy or equivalent permit for residential occupancy issued after February 1, 1995. For this purpose, a certificate of occupancy is the certificate issued before the property is used for any residential purposes.

2. An accessory dwelling unit for which a certificate of occupancy or equivalent permit for residential occupancy was issued after February 1, 1995, is exempt, unless it was occupied on or before February 1, 1995, and a Tenant provides evidence indicating as such, regardless of the legal or permit status of the Rental Unit.

MN. "Fully Exempt" means those Rental Units that are not subject to this Chapter as set forth in Section 8.52.040.

NO. "Housing Services" means all services provided by the Landlord related to the use or occupancy of a Fully Covered Rental Unit, including, water, heat, utilities, painting, elevator service, refuse removal, janitorial service, maintenance, repairs, replacement, recreational areas (including pools), laundry facilities, furnishings, storage space and/or parking (including one or more automobiles), security services, insurance, and the payment of property taxes. The term "Housing Services" shall not include legal fees or mortgage payments, whether for principal, interest, or both, bonuses of any nature paid to employees, penalties, fees, damages, or interest assessed or awarded for violations of this Chapter or any other law, or any expenses for which the Landlord has been reimbursed by any security deposit, insurance, settlement, judgment for damages, or any other method.

OP. "Landlord" means an owner, lessor, sublessor, or any other person or entity entitled to offer any Rental Unit for Rent or entitled to receive Rent for the use and occupancy of a Rental Unit, and the agent, representative, or successor of any of the foregoing.

PQ. "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 over which the Landlord has guardianship, 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.

QR. "Luxury Unit" means a Fully Covered Rental Unit that meets all of the following criteria:

1. Has two (2) bedrooms or less;
2. Is located within a single structure that contains at least twenty-five (25) or more ~~Dwelling~~Rental Units; and
3. As of September 11, 2018, Landlord received at least four thousand dollars (\$4,000) per month in Rent.

RS. "Partially Covered Rental Unit(s)" means any Rental Unit in the Unincorporated ~~a~~Areas of the County that meets one or more of the following provisions:

1. Rental Units that are permitted with a certificate of occupancy after February 1, 1995, unless Fully Exempt. Permitted shall mean permits that are final and unit is fit for residential habitation.

2. Any Rental Unit that is separately transferable from the title to any other Rental Unit, including, single family residences, condominiums, and stock cooperatives as defined in California Business and Professions Code section 11003.2, but excluding mobilehomes offered for Rent by a mobilehome owner; or is a subdivided interest in a subdivision, as specified in California Business and Professions Code section 11004.5 subdivisions (b), (d), or (f).

T. "Physically Disabled Tenant" means a Tenant who:

1. Resides in and occupies a Fully Covered Rental Unit;

2. Is not subject to eviction for nonpayment of Rent;

3. Has a permanent physical disability as defined in California

Government Code section 12926, subdivision (m); and

4. Such permanent physical disability is related to mobility.

SU. "Primary Renovation" means work performed either on a Rental Unit or the Rental Building that improves the property by prolonging its useful life or adding value as specified in Section 8.52.070.

TV. "Rent" means the consideration paid for the use or occupancy of a Rental 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 Rental Agreement:

1. Security deposits;

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

3. Utility charges for those Rental Units that are billed separately whether or not the Rental Units are individually metered;

4. Any Rent discounts, incentives, concessions, or credits offered by the Landlord; or

5. Any pass-through authorized pursuant to this Chapter.

~~U~~W. "Rental Agreement" means an agreement, oral, written or implied, between a Landlord and Tenant for use and occupancy of a Rental Unit and for Housing Services.

~~V~~X. "Rental Property" means all Rental Units on a parcel or lot or contiguous parcels or contiguous lots under common ownership.

~~W~~Y. "Rental Unit" means a dwelling unit, as defined under California Civil Code section 1940 ~~subsection~~division (c), including joint living and work quarters, and applies to any building, structure, or part thereof, or land appurtenant thereto, or any other Rental Property rented or offered for Rent for residential purposes, together with all Housing Services connected with use or occupancy of such property such as common areas and recreational facilities held out for use by the Tenant, whether or not the residential use is legally permitted, including live-work spaces, mobilehomes rented by the owner to a Tenant, and any accessory dwelling unit located in the Unincorporated ~~a~~Areas of the County.

~~XZ~~. "Service Reduction" means any decrease or diminution in the level of Housing Services provided by the Landlord on or after September 11, 2018, including but not limited to, services the Landlord is required to provide pursuant to:

1. California Civil Code section 1941 et seq.;
2. The Landlord's implied warranty of habitability, which cannot be contractually excluded or waived; and
3. A Rental Agreement between the Landlord and the Tenant.

AA. "Small Property Landlord" is defined as a Landlord that meets any of the following: (1) is qualified for and receives a Homeowners' Property Tax Exemption for the property on which the subject Rental Unit is located; (2) has an ownership interest or beneficial interest in or controls only one (1) Rental Property with no more than ten (10) Rental Units; or (3) has an ownership interest or beneficial interest in or controls no more than three (3) Rental Properties with a combined total of no more than ten (10) Rental Units, including any Rental Properties outside of Los Angeles County.

A Small Property Landlord does not include a real estate investment trust, as defined in Internal Revenue Code section 856, a corporation, a limited liability company in which at least one (1) member is, or is controlled by, a corporation, or a partnership in which at least one (1) partner is, or is controlled by, a corporation.

~~YBB~~. "State" means the State of California.

ZCC. "Tenancy" means the legal right or entitlement of a Tenant to use or occupy a Rental Unit, including the use of the Housing Services provided by the

Landlord, subject to the terms of the Rental Agreement. This includes a lease or a sublease.

AADD. "Tenant" means a tenant, subtenant, lessee, sublessee, or any other person entitled under the terms of a Rental Agreement to the use or occupancy of any Rental Unit.

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

SECTION 2. Section 8.52.050 is hereby amended to read as follows:

8.52.050 Permitted Rent Increases for Fully Covered Rental Units.

A. A Landlord may impose an annual Rent increase for any Fully Covered Rental Unit, as allowed in this Section, only after providing at least thirty (30) Days written notice to the Tenant of the Rent increase pursuant to California Civil Code section 827.

B. A Landlord may impose an annual Rent increase only upon registering the Fully Covered Rental Unit in the County's Rent Registry System, paying required annual registration fees pursuant to Section 8.52.080, and being in compliance with federal, State, and local laws and requirements.

~~C. Annual Rent increases for Fully Covered Rental Units shall be limited to reflect the percentage change in the average CPI over the previous twelve (12) month period ending in September with a maximum of eight percent (8%), unless otherwise determined by the Department as set forth in Section 8.52.060 and as specified below:~~

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

2. ~~—— If the change in CPI is between three percent (3%) and eight percent (8%), the maximum allowable annual Rent increase will be equal to the change in CPI;~~

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%);~~

4. ~~—— If the change in CPI is between negative two percent (-2%) and one percent (1%), the maximum allowable annual Rent increase will be equal to the change in CPI plus two percent (2%); or~~

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

6. ~~Notwithstanding the above, e~~Effective January 1, 2023 through December 31, 2023, the maximum allowable annual Rent increase for Fully Covered Rental Units shall not exceed three percent (3%) and effective January 1, 2024 through December 31, 2024, the maximum allowable annual Rent increase for Fully Covered Rental Units shall not exceed four percent (4%), unless otherwise ~~determined~~approved by the Department pursuant to this Chapter.

D. Effective January 1, 2025, annual Rent increases for Fully Covered Rental Units are limited to sixty percent (60%) of the percentage change in the average CPI over the previous 12-month period ending in September, not to exceed a maximum Rent increase of three percent (3%), unless otherwise approved by the Department.

1. A Small Property Landlord may increase Rent for a Fully Covered Rental Unit by an additional one percent (1%) annually above the maximum Rent increase of three percent (3%), which shall in total not exceed four percent (4%), unless otherwise approved by the Department.

a. A Small Property Landlord must provide to the Department a self-certification under penalty of perjury that it meets the requirements set forth in Section 8.52.030.AA.

b. A Small Property Landlord must include a statement in their Rent increase notice to the Tenant advising them that the Landlord meets the requirements of a Small Property Landlord, and is, therefore, allowed an additional one percent (1%) annually above the maximum Rent increase of three percent (3%), which in total shall not exceed four percent (4%), unless otherwise approved by Department.

DE. Luxury Units.

1. Prior to December 31, 2023, a Landlord may increase Rent on a Luxury Unit annually by an additional two percent (2%) above the allowable annual Rent increase specified in this Section for a Fully Covered Rental Unit. Effective January 1, 2023 through December 31, 2023, the maximum allowable annual Rent increase for Luxury Units shall not exceed five percent (5%), unless otherwise ~~determined~~ approved by the Department pursuant to this Chapter. Effective January 1, 2025, a Landlord may increase Rent for a Luxury Unit by an additional two percent (2%) annually above the maximum allowable Rent increase of three percent (3%), which in total shall not exceed five percent (5%), unless otherwise approved by the Department.

A Landlord must include a statement in their Rent increase notice to the Tenant advising them that the Fully Covered Rental Unit meets the requirements of a Luxury Unit, and is, therefore, allowed an additional two percent (2%) annually above the maximum Rent increase of three percent (3%), which in total shall not exceed five percent (5%), unless otherwise approved by the Department.

~~2. An annual Rent increase for Luxury Units shall not exceed ten percent (10%), unless otherwise determined by the Department as set forth in Section 8.52.060.~~

~~EF.~~ Only one Rent increase for a Fully Covered Rental Unit may be imposed on a Tenant household in any twelve (12) month period, unless otherwise ~~determined~~approved by the Department pursuant to this Chapter.

~~FG.~~ Notice and Calculation of Allowable Annual Rent Increase for a Fully Covered Rental Unit.

1. Calculation of Annual Rent Increase. The allowable annual Rent increase shall be calculated annually by the Department.

2. Notice of Annual Rent Increase. The amount of the annual Rent increase shall be provided in accordance with the Department's procedures and guidelines.

~~GH.~~ Rent Excess Paid for a Fully Covered Rental Unit.

1. In the event a Tenant paid Rent in excess of that permitted by the Department, the Landlord shall reimburse the Tenant for the Rent overpayment.

2. The Landlord may elect to either:

a. Reimburse the Tenant for the Rent overpayment through one lump sum payment, which must be paid by the time the next monthly obligation is due;

or

b. Reimburse the Tenant for the Rent overpayment over a six (6) month period in the form of a monthly credit towards Rent otherwise due from the Tenant, to which the first credit must be applied at the time the next monthly obligation is due.

3. Reimbursement For Rent Overpayment Exceeds Rent Due. Where the reimbursement due to the Tenant exceeds the Rent due for the remainder of the Tenancy, the reimbursement exceeding the Rent due shall be immediately paid to the Tenant as a lump sum payment.

¶I. Rent Paid Following Vacancy of Fully Covered Rental Unit. When a Tenant voluntarily moves out of a Fully Covered Rental Unit, or following an eviction for an At-Fault Termination, as specified in Section 8.52.090.D, the Landlord may set the initial Rent for the next Tenant, without restriction, at the commencement of the new Tenancy. Rent increases following vacancy shall not incorporate any previously approved pass-through fees or costs.

¶J. Rent Banking. A Landlord who does not impose an annual Rent increase or a portion of the permitted annual Rent increase for a Fully Covered Rental Unit in any twelve (12) month period, as provided in this Section, waives that annual Rent increase or the remaining portion of that permitted annual Rent increase for the remainder of the Tenancy.

JK. Tenant's Right of Refusal. A Tenant may refuse to pay a Rent increase for a Fully Covered Rental Unit which is in violation of this Chapter. Such refusal to pay the increased amount shall be a defense in any action brought to recover possession of a Fully Covered Rental Unit or to collect the Rent increase.

KL. Additional Occupants. An addition of occupants in the Fully Covered Rental Unit pursuant to this Section does not authorize a Rent increase or an increased security deposit.

SECTION 3. Section 8.52.060 is hereby amended to read as follows:

8.52.060 Applications for Rent Increase and Adjustment for Fully Covered Rental Units.

A. Landlord Application for Rent Increase. A Landlord who believes they are not receiving a fair and reasonable return from the allowable increases for a Fully Covered Rental Unit, as determined in Section 8.52.050, may file an Application for Rent Increase with the Department to request an increase in Rent for a Fully Covered Rental Unit beyond that which is permitted under Section 8.52.050.

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4. Review and Approval of Application for Rent Increase.

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c. An Application for Rent Increase shall not be approved if any Rent increase for that year, plus any amount allowed for a fair and reasonable return on the Landlord's investment, will result in an increase of the Rent from the prior year of an affected Tenant: (1) by more than three percent (3%) for a Fully Covered Rental Unit ~~by~~

~~more than eight percent (8%); (2) by more than four percent (4%) if for a Small Property Landlord; or (3) by more than five percent (5%) effor~~ a Luxury Unit ~~by more than ten percent (10%);~~ unless otherwise ~~determined~~approved by the Department pursuant to this Section.

...

SECTION 4. Subsection C of Section 8.52.070 is hereby amended to read as follows:

8.52.070 Pass-Through Cost Recovery for Fully Covered Rental Units.

...

C. Pursuant to this Section, ~~no~~a pass-through cost recovery shall not be approved if the amount allowed to be a pass-through cost for that year, plus any Rent increase allowed for that year, ~~would~~will result in an increase of the Rent from the prior year of an affected Tenant: (1) by more than three percent (3%) for a Fully Covered Rental Unit ~~by more than eight percent (8%); (2) by more than four percent (4%) for a Fully Covered Rental Unit if for a Small Property Landlord; or (3) by more than five percent (5%) effor~~ a Luxury Unit ~~by more than ten percent (10%) over the prior year's Rent;~~ unless otherwise ~~determined~~approved by the Department pursuant to Section 8.52.060.

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SECTION 5. Section 8.52.095 is hereby added to read as follows:

8.52.095 Reasonable Accommodations for Physically Disabled

Tenants.

A. The purpose of this Section is to implement California Civil Code section 1954.53, which allows a Physically Disabled Tenant to request relocation, and relocate, to an available Accessible Rental Unit if certain conditions are met.

B. A Landlord who receives a written request for a reasonable accommodation from a Physically Disabled Tenant must promptly engage in and complete an interactive process with the Physically Disabled Tenant, set forth under Sections 12177 to 12180, inclusive, of Title 2 of the California Code of Regulations, in order to relocate the Physically Disabled Tenant to an Accessible Rental Unit prior to that Accessible Rental Unit becoming available to others, while also allowing the Physically Disabled Tenant to retain their Tenancy at the same Rent and terms of their existing Fully Covered Rental Unit. Nothing stated in this Section precludes a Landlord from granting the request of a Physically Disabled Tenant to move into an Accessible Rental Unit on the Rental Property in compliance with all other provisions of this Section at any time prior to completing the interactive process set forth above.

C. Upon completing the interactive process set forth above, a Landlord must permit a Physically Disabled Tenant to move to an available Accessible Rental Unit of the Rental Property when all of the following conditions are met:

1. The determination resulting from the interactive process is that a move is necessary to accommodate the Physically Disabled Tenant;

2. The Physically Disabled Tenant's current Fully Covered Rental Unit is located on an upper floor that does not have an operational elevator;

3. The requested Accessible Rental Unit is in the same building of the Fully Covered Rental Unit or, alternatively, is located on the same Rental Property with at least four (4) other Rental Units and is owned by the same Landlord;

4. The requested Accessible Rental Unit does not require renovation to comply with applicable requirements of the California Health and Safety Code;

5. The Department, upon receiving an Application for Rent Increase by the Landlord as set forth in this Chapter, or the Commission, upon Landlord's request for an administrative review, determines that the Landlord will continue to receive a fair rate of return for the Accessible Rental Unit;

6. The Physically Disabled Tenant provides the Landlord a written request to move into an Accessible Rental Unit of the Rental Property prior to the date that an Accessible Rental Unit becomes available to others; and

7. All the Tenants on the Rental Agreement who reside with the Physically Disabled Tenant in the Fully Covered Rental Unit agree to move to the Accessible Rental Unit.

D. This Section shall not apply if the Landlord or Landlord's Family Member intends to occupy the Accessible Rental Unit located on the Rental Property and this intent is documented before a Physically Disabled Tenant makes a written request for reasonable accommodation pursuant to this Section.

E. Any security deposit paid by the Physically Disabled Tenant in connection with their Fully Covered Rental Unit being vacated shall be handled in accordance with California Civil Code section 1950.5.

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