

City of Los Angeles

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Council File: 24-1225
Council Districts: Citywide
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Honorable Members of the City Council
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COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REPORT BACK ON RECOMMENDATIONS TO AMEND THE JUST CAUSE FOR EVICTION ORDINANCE, SECTION 165.03 OF ARTICLE 5 OF CHAPTER XVI OF THE LOS ANGELES MUNICIPAL CODE TO STRENGTHEN TENANT PROTECTIONS PERTAINING TO SUBSTANTIAL REMODELS

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests approval of the recommendations in this report to amend LAMC Section 165.03 I.2 of the Just Cause for Eviction Ordinance (JCO), to remove or amend substantial remodel as a legal reason for eviction, except as required in order to comply with a Government Order, in order to strengthen tenant protections against bad faith evictions in non-rent stabilized rental units.

As adopted, the JCO includes substantial remodeling as a legal reason for eviction, and the City Council expressed concern that substantial remodels were being used as a means to unduly terminate tenancies. In October 2024, the City Council instructed LAHD to report back with information about the impacts of substantial remodels and recommendations to amend the JCO to address these impacts. Since the adoption of the JCO, which became effective on January 27, 2023, through April 9, 2025, LAHD has received applications to evict tenants for substantial remodels from a total of 99 units. There were applications for only 4 units in 2025, and all of those were single-family dwellings (SFDs).

The use of substantial remodeling as a reason to terminate tenancies, therefore, does not appear to be widespread. In order to ensure that it does not unduly impact tenancies going forward, this report outlines three potential options for the City Council to consider as amendments to the JCO:

- Option 1: Removes Substantial Remodel as a valid reason for eviction under JCO, except when such work is mandated in order to comply with an order from a Government Agency.
- Option 2: Allows Substantial Remodel as a legal reason for eviction under the JCO only after LAHD reviews and confirms that the scope and duration of the proposed substantial remodel work cannot be

undertaken with the tenant in place and truly necessitates the rental unit to be vacated. Additionally, a landlord who evicts a tenant for substantial remodel and fails to complete the work would be required to offer the displaced tenant the right to return to the rental unit under the same terms and at the same rental rate that was in effect at the time the tenant vacated.

- Option 3: Similar to Option 2, but also grants the tenant displaced for substantial remodel the first right of refusal to return to the rental unit after the remodel is completed. As in Option 2, a landlord who evicts a tenant for substantial remodel and fails to complete the work would be required to offer the displaced tenant the right to return to the rental unit under the same terms and at the same rental rate that was in effect at the time the tenant vacated.

If the City Council adopts Option 1, no additional staff resources are needed. If either Option 2 or Option 3 is adopted, additional staff and resources as noted below will be required. For the reasons described below, LAHD recommends the adoption of Option 1. However, recommendations are provided below to effectuate either of the other options, should City Council direct adoption of either Option 2 or Option 3.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 1. ADOPT the proposed Option 1, Option 2, *or* Option 3 as presented in this report.
 2. REQUEST the City Attorney, with the assistance of the Los Angeles Housing Department (LAHD), to prepare and present a draft ordinance or ordinances to City Council to:
 - a. Amend the Just Cause for Eviction Ordinance LAMC Section 165.03, to effectuate the adopted policy option, as well as any other pertinent and relevant provisions that the City Attorney may deem necessary. Based on the policy option adopted, the amendments to the JCO would include provisions to:
 - i. OPTION 1: Remove or amend the substantial remodel clause as a legal reason for eviction, except as required in order to comply with a Government Agency Order; OR
 - ii. OPTION 2: Require LAHD to verify the scope of work proposed by the landlord in order to evict a tenant for substantial remodel, and provide that a landlord who fails to commence or complete the substantial remodel of the unit after evicting a tenant for that purpose must offer the displaced tenant the opportunity to re-rent the unit under the same terms and at the same rental rate that was in effect at the time the tenant vacated; OR
 - iii. OPTION 3: Require LAHD to verify the scope of work proposed by the landlord in order to evict a tenant for substantial remodel, provide that a landlord who fails to commence or complete that substantial remodel of the unit after evicting a tenant for that purpose must offer the displaced tenant the opportunity to re-rent the unit under the same terms and at the same rental rate that was in effect at the time the tenant vacated, and provide impacted tenants with a Right of First Refusal to their substantially remodeled unit;
 - b. For all of the options, extend the moratorium on evictions for substantial remodels under the JCO through January 31, 2026, or until a final ordinance is effective; and
 - c. For all of the options, amend the JCO to expand the penalties and remedies available for violations of the ordinance to mirror the remedies available in the Tenant Anti-Harassment Ordinance (TAHO), including requiring three times compensatory damages (including damages for mental or emotional distress), reasonable attorney's fees and costs, and civil penalties of up to \$10,000

but not less than \$2,000 per violation, with additional penalties per violation if a tenant household member is older than 65 years or disabled.

3. INSTRUCT LAHD to report on recommended fees, resources, and additional staff needed, as well as next steps required to implement Options 2 or 3, if necessary.
4. AUTHORIZE resolution authority for 2 positions if either Option 2 or Option 3 is approved by the City Council to implement and perform the substantial remodeling support functions for the non-RSO residential housing rental units, subject to allocation of the positions by the Board of Civil Service Commissioners and subject to pay grade determination by the City Administrative Officer, and authorize the filling of these positions:

Class Code	Class Title	No. of Positions
4244-0	Senior Housing Inspector	1
1368-0	Senior Administrative Clerk	1
Total		2

5. INSTRUCT LAHD to assist the Rent Adjustment Commission to adopt rules and regulations necessary to implement the provisions of the option approved by the City Council.

BACKGROUND

Ordinance No. 187737, the Just Cause for Evictions Ordinance (JCO) (LAMC Section 165.03 I.2), became effective on January 27, 2023, and provides the following eviction protections under City law to all non-RSO residential rental units:

- a. Regulates evictions on all non-RSO multi-family rental units, as well as rentals in single-family homes and condominiums;
- b. Requires relocation assistance for all “No-Fault” evictions and the filing of Landlord Declarations of Intent to Evict with LAHD for all “no-Fault” evictions;
- c. Requires written notification by landlords to inform tenants of their rights at the onset of a tenancy and the posting of a Tenant Protections Notification in a common area of the rental property in the format prescribed by LAHD;
- d. Limits evictions for the purpose of installation of a resident manager; and
- e. Requires landlords to file notices to terminate tenancies from RSO and non-RSO multi-family rental units, single-family homes, and condominiums with LAHD.

However, in conformance with state Tenant Protections Act of 2019 (TPA), the JCO allows a landlord to legally evict a tenant in order to “substantially remodel” their unit. Tenant advocates have testified that the substantial remodel provision has been used in bad faith in order to force tenants to vacate their rental units. On October 8, 2024, a motion was introduced by Councilmembers Blumenfield, Yaroslavsky, Raman, et al., to protect tenants by recommending the elimination of LAMC Section 165.03 I.2 from JCO (C.F. No. 24-1225). On October 29, 2024, the City Council adopted the October 16, 2024 Housing and Homelessness Committee Report, as amended, instructing LAHD to work in collaboration with the City Attorney to report back with recommendations to amend the JCO to remove the “substantial remodel” clause and establish a method for tenants to maintain tenancy during a “substantial remodel” wherein a tenant continues paying rent while a substantial remodel takes place.

Additionally, the City Council motion requested LAHD to report back on any recommended fee adjustment required to effectuate the ordinance amendment, as well as a summary of “no-fault evictions” within the City

from July 1, 2022, to October 1, 2024, specifying the total number of units taken off the market, the rationale for the removal, and the legal justification for that eviction, including:

- a. The number of applications filed for a substantial remodel for applicable properties.
- b. The number of applications filed under the Primary Renovation Program.
- c. The number of completed Primary Renovation Program projects.
- d. The number of “Just and Reasonable” rent increases granted under the Rent Stabilization Ordinance by year.
- e. The number of pending “Just and Reasonable” rent increase applications, along with the average processing time.
- f. The number of evictions related to new mandated environmental standards such as electrification due to decarbonization.
- g. The number of Tenant Habitability Plans submitted and approved within the last 2 years.
- h. The number of substantial remodels completed under approved THPs.
- i. The number of Primary Renovation Cost Recovery requests submitted and granted within the last 2 years.
- j. The number of THPs withdrawn or not completed within the last 2 years.

On March 7, 2025, the City Council adopted Ordinance No. 188561, which became effective on March 11, 2025, to temporarily prohibit residential evictions for substantial remodeling residential real property from the effective date of the ordinance through August 1, 2025, (unless earlier repealed or superseded by ordinance) and requested LAHD to report back on recommendations for a permanent ordinance.

DISCUSSION

The JCO was adopted in January 2023 at the time the COVID-19 pandemic citywide eviction protections were lifted. The JCO provided eviction protections to non-RSO rental units in the City for the first time.

Just under 400,000 rental units are subject to the JCO. The table below provides a breakdown of the total number of units subject to the JCO by rental type.

Rental Unit Type	Number of Units
Multifamily rental units constructed in 1979 or later	275,470
Rented condominium units constructed in 1979 or later	25,425
Rented single-family homes of any age	84,655
TOTAL	385,550

The JCO provides similar eviction protections as those provided to tenants in RSO units, with the exception that the JCO does allow for evictions for substantial remodels, as is allowed in state law. LAHD has confirmed with the City Attorney that the City may adopt more restrictive eviction protections than those contained in state law. LAHD has also consulted with a number of California jurisdictions that have adopted Just Cause eviction protections for non-rent controlled units and found that a substantial number of cities limit or prohibit landlords from evicting tenants for the purpose of undertaking substantial renovation, unless the work is required to comply

with a Government Agency order. Cities that disallow this type of eviction include: Berkeley, Cudahy, Hayward, Inglewood, Mountain View, Oakland, Palm Springs, Santa Monica, South Pasadena, and West Hollywood.

Substantial remodel is defined as work that cannot be reasonably accomplished in a safe manner with the tenant in place and requires the tenant to vacate the residential real property for at least 30 consecutive days, including:

- a) The replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a governmental agency.
- b) The abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws.

The JCO requires landlords to file a “Landlord Declaration of Intent to Evict” with LAHD in order to legally evict a tenant to commence renovation work that necessitates a vacant unit. Failure of the landlord to file a Landlord Declaration may be used by the affected tenant as an affirmative defense in an Unlawful Detainer action. From January 27, 2023 (the effective date of the JCO), through April 9, 2025, LAHD has received applications to evict tenants for substantial remodel from a total of 99 units. In 2025, applications have been filed for only 4 units, all Single Family Dwellings (SFDs). The table below depicts the breakdown for SFDs and multi-family units (duplexes and apartments). Forty-nine percent (49%) of all units applied for were SFDs and 51% were multi-family units. However, a majority of the **properties** contained just one SFD. The number of units removed for substantial remodel represents an extremely small percentage (0.026%) of the approximately 400,000 units subject to the JCO.

Just Cause Ordinance No-Fault Filings (2/1/2023 to 04/09/2025)

	Processed Units (Approved)	Number of Units Rejected	Total Units
Substantial Remodel - SFDs	35	14	49
Substantial Remodel - Multi-Family	45	5	50
TOTAL	80	19	99

	Processed Properties by APN (Approved)	Number of Properties By APN Rejected	Total Properties by APN
Substantial Remodel - SFDs	35	14	49
Substantial Remodel - Multi-Family	23	5	28
TOTAL	58	19	77

It is important to keep in mind that units subject to the JCO are non-RSO units, generally built after 1978, and not subject to controls on rent increases under City law. Therefore, it is inaccurate to assume that landlords undertake substantial remodels in order to skirt the RSO limits on rent increases. Multi-family units built after October 1, 1978, that are more than 15 years old (built October 2, 1978, through 2010), as well as corporate-owned SFDs and condominiums, are subject to the limitations on rent increases set by the state TPA. The TPA limits rent increases to a percent equal to the Consumer Price Index (currently 3.9%) plus 5% (for a current total of 8.9%) or 10%, whichever is less. The current maximum rent increase for rental units subject to the TPA is 8.9%. Under

state law, the City cannot regulate rents for non-RSO units. Therefore, the City cannot regulate the post-renovation rents for JCO units that undergo a substantial remodel.

While it is possible that illegal evictions for substantial remodel may be occurring without landlords filing the required declaration with the City of Los Angeles, these evictions are already illegal and a violation of the JCO. Recommendations 2(a)ii, 2(a)iii and 2(c) above strengthen protections and penalties for these illegal evictions.

POLICY OPTIONS

LAHD recommends the following three options for the City to limit the displacement of renters for the purpose of substantial remodel:

Option 1: Disallow Evictions for Substantial Remodel

Given the small number of units involved in substantial remodel removals and the preponderance of SFDs for which landlords apply for evictions for the purpose of undertaking substantial remodels, LAHD recommends that the JCO be amended to remove substantial remodel as a permissible reason for eviction, other than renovations undertaken in order to comply with an Order from a Government Agency.

Option 1 allows tenants to maintain their tenancies, which is the intent of this motion. Most landlords plan major upgrades and remodels in preparation to re-rent their rental units. Landlords who elect to undertake remodels or major upgrades to their rental properties generally do so between tenancies when the units are vacant. This is especially true for rentals of SFDs. Performing normal repairs, maintenance, and typical upgrades during a tenancy, such as installation of appliances, carpeting, plumbing fixtures, fumigation, etc., generally can be completed without major disruption to the habitability of the rental unit, in a short timeframe with the tenant in-place and does not require the tenant to vacate their rental unit. Therefore, there is no need to evict an in-place tenant in order to upgrade their rental unit. If a temporary move-out is necessary, landlords can provide their tenants with a rent credit or a temporary replacement unit.

LAHD recommends adoption of Option 1 to amend the JCO to remove substantial remodel as a grounds for eviction for units subject to the JCO, except where such work is mandated in order to comply with an order from a Government Agency.

Option 2: Allow Evictions for Substantial Remodel with Documented Verification of the Work

Alternatively, the City could deter bad faith evictions under the guise of substantial remodel by adopting a requirement that applications (“Declarations of Intent to Evict”) for substantial remodel be vetted by a LAHD Housing Inspector qualified to determine the full scope of the work, the impact on the habitability of the rental unit, and the length of time the proposed work should take to be completed. This option would require additional staff resources and the establishment of appeals procedures and fees.

Substantial remodel to evict a tenant must involve major work that renders the unit uninhabitable for 30 days or more. If evictions for the purpose of conducting substantial remodel work continue to be allowed, LAHD could establish a verification process on the scope of the work that would require an application and review by a qualified Senior Housing Inspector of the work description/scope, permits, contracts, and expected duration of the work. Upon approval of the Declaration of Intent to Evict for Substantial Remodel, and provision of relocation assistance and services to tenants, the landlord could proceed with the eviction.

This option would necessitate the adoption of procedures whereby the property owner, agent, and/or tenant could appeal the LAHD determination to approve or disapprove the eviction for substantial remodel. LAHD has

analyzed the projected workload and preliminarily developed the following fees necessary for cost recovery for these services:

Fee Type	Amount
Tenant Relocation Fee (Eligible Tenants)	\$585 + \$80 (Admin Fee)
Tenant Relocation Fee (Qualified Tenants)	\$941 + \$80 (Admin Fee)
Tenant Relocation Fee (SFDs not owned by corporate entities)	\$0
Substantial Renovation Application & Review Fee	\$204
Appeal Fee	\$635
Substantial Renovation Monitoring Fee	\$954

Additionally, LAHD recommends that the ordinance be amended to require property owners who do not commence or complete the substantial remodel to offer the displaced tenant the opportunity to re-rent the unit with a rental agreement containing the same terms as the most recent rental agreement and at the same rental rate that was in effect at the time the tenant vacated. This would serve as a deterrent to illegal displacement of tenants for substantial remodel.

For Options 2 and 3, LAHD proposes the implementation of two monitoring inspections, one at the projected mid-point and one at construction completion. Inspection costs to be established and paid by the landlord, to ensure evictions for substantial remodel are conducted in good faith and to enforce a tenant's right to return at their prior rent if the eviction for substantial renovation is fraudulent.

Option 3: Allow Evictions for Substantial Remodel with Tenant's First Right of First Refusal

In addition to the verification process discussed in Option 2 above, the City could allow the affected tenant the first right to re-occupy their renovated rental unit. Because the City cannot regulate the rent for the rental unit after the completion of the renovation, the landlord would be able to establish a new, higher rent for a returning tenant. LAHD would implement procedures for the notification to and from the landlord and tenant of the tenant's interest in returning to the rental unit. Cities that provide tenants the right to re-rent after remodels are completed include: Antioch, Alameda, Ojai, San Francisco, Concord, East Palo Alto, Pasadena, and Richmond.

If the substantial remodel work is completed in accordance with the verified work plan, the landlord would be able to establish the new rent after the upon re-rental of the remodeled unit and offer that rental unit to the tenant displaced by the substantial remodel. However, should the landlord fail to commence or complete the substantial remodel, the tenant would be allowed to reoccupy the rental unit under the same terms as the most recent rental agreement and at the same rental rate that was in effect at the time the tenant vacated.

Resources and Implementation

Depending on the option approved by the City Council, additional resources may be needed to implement the new restrictions on evictions for substantial renovation.

Option 1 would not require additional staff resources for implementation and could be implemented immediately upon Council approval of the ordinance amendment. Options 2 and 3 require the establishment of an application, appeal process, monitoring, and fees for cost recovery for these services, as well a process to facilitate the tenant's

right of first refusal under Option 3. Supporting these functions would necessitate hiring at a minimum, a Senior Housing Inspector and a Senior Administrative Clerk. Should the volume of substantial remodel applications increase, or should appeals of determinations related to the substantial remodel process be time intensive, additional staff could be required. If either Option 2 or Option 3 is approved, LAHD recommends extending the eviction moratorium for substantial remodel through January 31, 2026.

Depending on the option approved by the City Council, LAHD will work with the Rent Adjustment Commission (RAC) to adopt regulations to implement these amendments, including the tenant's right of first refusal, right to return at the previous rent if the landlord evicts the tenant in bad faith, and the establishment of appeals, monitoring inspections, and non-compliance ACE citation fees under the City's Administrative Citation Enforcement (ACE) program.

LAHD further recommends strengthening of the remedies available for violations of the JCO to conform with the provisions of the Tenant Anti-Harassment Ordinance, which provides tenants' with a private right of action and civil penalties, including three times compensatory damages (including damages for mental or emotional distress), reasonable attorney's fees and costs, civil penalties up to \$10,000 but not less than \$2,000 per violation depending upon the severity of the violation, tenant relocation (if applicable), and other appropriate relief, as adjudged by the court, with additional penalties per violation if a tenant household member is older than 65 years or disabled.

Additional Data

LAHD was instructed to provide the following additional data beyond the scope of Substantial Renovation:

Data Category		Count/ Percentage	Timeframe
Tenant Habitability Plans (THPs) for Primary Renovation Completed		415	January 1, 2023 – January 1, 2025
	THP's requiring relocation	34/415 (8%)	January 1, 2023 – January 1, 2025
	THP's for work that qualified as Substantial Remodel (30+ days)	21/415 (5%)	January 1, 2023 – temporary January 1, 2025
	THPs withdrawn or cancelled	31 applications	January 1, 2023 – January 1, 2025
Primary Renovation Cost Recovery Applications Submitted		30	January 1, 2023 – January 1, 2025
RSO Just and Reasonable (J&R) Applications Approved		25	10 Years
	Average J&R Rent Increase	\$250.61	
	Number of Pending J&R Applications	31	
	Average Processing Time for J&R Applications	13 months	
Evictions Due to Decarbonization		Not available	

Primary Renovation

Primary renovation work can be similar to substantial remodel work, but the Primary Renovation program applies only to RSO units, and regulates the allowable rent adjustment for major upgrades to RSO rental units. Primary Renovation work requires owners of RSO units to mitigate the impact of primary renovation work on the habitability of the rental unit(s) through a Tenant Habitability Plan (THP) and, if necessary, to pay permanent relocation assistance or temporarily relocate impacted tenants while the remodel work is completed. Primary renovation work does not result in an eviction or the involuntary permanent displacement of the tenant; the tenant has a choice on whether to accept permanent relocation assistance or temporary relocation. After the completion of the primary renovation work, rent increases for these RSO units are permitted under the RSO Primary Renovation provisions stipulated in LAMC 151.07A.1(c). Again, this program applies only to RSO units; the City cannot regulate rent increases for non-RSO units covered by the JCO. From January 1, 2023, through January 1, 2025, LAHD processed 415 Tenant Habitability Plans (THPs) for Primary Renovation work. Of those 415 properties, 34 (8%) required residents to be temporarily relocated, including 21 properties (5% of the 415 projects) that required relocation for more than 30 days.

Condominiums and SFDs constitute approximately one-third of the JCO units and are not part of LAHD's inspection inventory. Additionally, as stated above, the City cannot regulate rents for JCO units. Therefore, LAHD is not recommending a new THP process for rental units subject to the JCO. Tenants of multi-family JCO units may continue to address habitability issues through the existing Code Complaint process. All tenants may submit landlord-tenant complaints for violations of the JCO, Eviction Threshold Ordinance, Economic Displacement Ordinance, or Tenant Anti-Harassment Ordinance to LAHD.

Just and Reasonable

The Just and Reasonable (J&R) program provides a review of the financial status of a rental property subject to the RSO and does not involve renovation work or evictions. This program allows landlords to apply for a rent increase greater than that allowed by the RSO annual allowable rent increase and is designed to ensure that landlords can maintain a fair return on their investment in rental property when their Net Operating Income (NOI) is less than a base year's Net Operating Income (NOI), adjusted for inflation. In the past 10 years, LAHD has approved 25 applications with an average permanent monthly rent increase of \$250.61. Below is a table of J&R applications approved by year:

Year	Count
2025	2
2024	2
2023	1
2022	2
2019	3
2018	6
2017	2
2016	6
2015	1
Grand Total	25

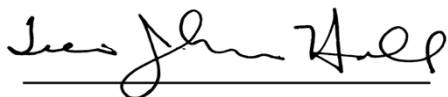
Electrification and Decarbonization

The Council also requested the number of evictions related to new mandated environmental standards, such as electrification due to decarbonization. This is not a legal reason for eviction and LAHD does not track this information. In general, decarbonization requirements are on pause due to the 9th Circuit Appeals Court ruling striking down the City of Berkeley's ban on natural gas, which the Court found conflicts with Federal energy policy and preempts the local ordinance. If and when an Electrification Retrofit Ordinance is passed, the scope of work in conjunction with other renovations and remodel work may qualify as a substantial remodel with work taking more than 30 days, which could result in tenant evictions under the current JCO provisions.

FISCAL IMPACT

There is no impact to the General Fund through the recommendations in this report. If Option 2 or Option 3 are adopted, the necessary resources will be supported by the Just Cause Enforcement Fee Trust Fund No. 67W/43, Systematic Code Enforcement Fee Fund No. 41M/43 and the Rent Stabilization Trust Fund 440/43.

Approved By:

A handwritten signature in black ink, appearing to read "Tiena Johnson Hall", written over a horizontal line.

TIENA JOHNSON HALL
General Manager
Los Angeles Housing Department