

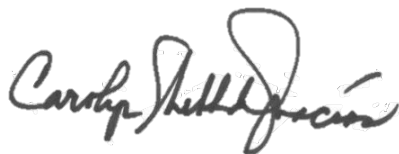
TRANSMITTAL

To: **THE COUNCIL**

Date: **11/26/24**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Carolyn Webb de Macias". The signature is fluid and cursive, with a large loop at the end.

(Carolyn Webb de Macias for)

KAREN BASS

Mayor

City of Los Angeles

Tricia Keane, Interim General Manager

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager



LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd, Ste 300
Los Angeles, CA 90026
Tel: 213.675.7272

housing.lacity.org

Karen Bass, Mayor

October 24, 2024

Council File: New
Council District: Citywide
Contact Person(s): Marcella DeShurley (213) 922-9681

The Honorable Karen Bass
Mayor, City of Los Angeles
200 N. Spring Street, Room 303
Los Angeles, CA 90012

Attention: Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUESTS AUTHORITY TO AMEND THE LOS ANGELES MUNICIPAL CODE FOR PROPOSED TECHNICAL AMENDMENTS TO THE RENT STABILIZATION ORDINANCE AND JUST CAUSE FOR EVICTION ORDINANCE

SUMMARY

The City of Los Angeles adopted the Rent Stabilization Ordinance (RSO) in April 1979, to safeguard tenants from excessive rent increases while providing landlords with just and reasonable returns from investment in their rental units. The City Council and Mayor adopted Ordinance No. 187737, Just Cause for Eviction Ordinance (JCO) in January 2023, to expand eviction protections for rental units not subject to the RSO.

Since its inception, the City has amended the RSO to clarify and improve its application. LAHD recommends additional technical amendments to the RSO and JCO, to harmonize both ordinances, improve the efficiency and effectiveness of the administration and enforcement of both programs.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward it to the City Council for further action.
- II. That the City Council, subject to the approval of the Mayor:
 - A. REQUEST that the City Attorney, with the assistance of the LAHD, to prepare and present draft ordinance amendments to the Rent Stabilization Ordinance, Article 1 of Chapter XV of the Los Angeles Municipal Code (LAMC), and the Just Cause for Evictions Ordinance, Article 5 of Chapter XVI of the LAMC, pursuant to the recommendations contained in this report, as well as any other pertinent and relevant provisions that the City Attorney may deem necessary to carry out the recommended changes:
 1. Clarification of the registration certificate requirement.
 2. Conformance with the RSO on the requirement to complete a rent registry.
 3. Conformance with the JCO on the requirement to provide and post a renter protections notice.

4. Clarification of the obligation to provide relocation assistance by non-corporate landlords of single-family homes.
 5. Conformance with the RSO to provide timely relocation assistance for no-fault evictions.
- B. INSTRUCT the Rent Adjustment Commission (RAC) with the support of the LAHD to adopt and/or amend existing RAC Regulations to effectuate the RSO and JCO provision changes recommended in this report.

BACKGROUND

Since the RSO was adopted in 1979, the City of Los Angeles has amended the ordinance to add, amend, and repeal various sections. The JCO is a recently adopted ordinance that went into effect on January 27, 2023, and this will be the first time proposed technical amendments are recommended by LAHD, to harmonize the tenant notification requirements of the RSO with the JCO, in order for both ordinances to have similar requirements for LAHD to better facilitate tenant awareness of the applicable tenant protections and effectively administer and enforce the programs.

Conformance with the RSO on Registration of Rental Units

Registration of rents for RSO units is required at the time of payment of the annual fee. The annual registration fee is due annually on the first day of January and is deemed delinquent if not paid on or before the last day of February. In addition to paying fees, landlords of RSO properties must provide the rent amount and tenancy information for each rental unit subject to the RSO on a form prescribed by the Department. Annual registration is complete when all outstanding registration fees are paid and the required rent amount and tenancy information, including emergency contact information is provided. If the registration fee is not paid and/or the rent registry is incomplete, a landlord cannot legally demand or accept rent for a rental unit.

The Rent Registry is a valuable tool for monitoring rent increases and will assist in administering the City's Eviction Threshold Ordinance (Ordinance No. 187763) and the Economic Displacement Ordinance (Ordinance No. 187764), which apply to unit's subject to the Just Cause Ordinance. Rental information will ensure tenants are not unlawfully evicted if their rental arrears owed are less than the amount for one month's fair market rent (FMR) for the size of their rental unit or if landlords attempt to evict for non-payment of rent increases that exceed the amounts allowed under the Tenant Protections Act of 2019 (which limits rent increases to the lesser of (1) the Consumer Price Index - All Urban Consumers, plus five percent, or (2) ten percent). Recordation of rental amounts will also assist in enforcing the relocation amounts required to comply with the Economic Displacement Ordinance.

Therefore, LAHD recommends amending the RSO (LAMC 151.05.A) and the JCO ordinance (LAMC 165.00 et al.) to align the notification requirement in the RSO and JCO, which requires landlords to secure a valid registration statement from LAHD in order to collect rent legally.

LAHD further recommends amending Article 5 of Chapter XVI of the Los Angeles Municipal Code (the Just Cause ordinance) to require registration of rental units, including rent levels, as part of the annual registration process.

Recommended language: Add to 165.00 et al.: *A landlord must provide the rent amount and tenancy information for every rental unit on a form prescribed by the Department. This information must be submitted annually by the last day of February of each year. Registration is complete only when all outstanding registration fees have been paid and all required rent amount and tenancy information, including emergency contact information, is provided.*

No landlord shall demand or accept rent for a rental unit without first procuring a valid written registration statement from LAHD.

Conformance with the JCO on the Requirement to Provide and Post a Renter Protections Notice

In 2019, the RSO was amended to require landlords to post a Renter Protections Notice with tenants' rights and LAHD contact information. The requirement to post and give tenants a notice of their rental rights and LAHD contact information superseded the requirement that a landlord provide the tenant a registration statement. The RSO and JCO should be amended to provide the same language regulating notification of tenant rights.

The JCO provides that a landlord of non-RSO residential property must give tenants a renter protection notice at the inception of tenancy or when a tenancy is renewed and post the notice in an accessible common area of the property. The RSO only requires a landlord to post the notification in a conspicuous location but not to provide it to the tenant.

Therefore, LAHD recommends amending LAMC 151.05.A. and LAMC 165.00 to align the notification requirement in the RSO and JCO to require landlords to secure a valid registration statement from LAHD and to post the Renter Protections Notification in a common area of the property, and delete the requirement that the landlord provide the tenant with an annual registration certificate.

Recommended language: *A landlord of residential real property subject to this Article shall provide notice of the protections of this Article as follows: (1) For any tenancy commenced or renewed on or after the effective date of this Article as a written notice to the tenant. (2) The landlord shall post a notification in a form prescribed by the Department in an accessible common area of the property.*

Clarification of the Obligation to Provide Relocation Assistance for Small Landlords of Single-Family Homes

The JCO requires relocation payment to tenants who are evicted for no-fault reasons. A landlord who is a natural person who rents a single-family dwelling and owns four or fewer dwelling units in the City (a “mom and pop” landlord) is required to pay only one month’s rent for relocation assistance. However, another section of the Code indicates that if more than one relocation amount applies to a renter household, the landlord must pay the highest amount of relocation assistance. Tenants have erroneously interpreted this to mean that the landlord must always pay the higher amounts regardless of whether the rental unit is a single-family home and the landlord meets the criteria as “mom and pop” landlord who is required to pay only the equivalent of one month’s rent.

Therefore, the LAHD recommends amending LAMC 165.06.A.(7) to clarify the relocation assistance that applies to “mom and pop” landlords of single family homes.

Recommended language: *If more than one relocation assistance payment applies, the landlord shall pay the highest applicable payment. Except when 165.06.A.(6) applies, only that amount will be required unless state or federal law requires a higher amount of relocation assistance payment. Nothing relieves the landlord from the obligation to provide relocation assistance pursuant to City administrative agency action or any other provision of local, state, or federal law. If a tenant is entitled to monetary relocation benefits pursuant to City administrative agency action or any provision of local, state, or federal law, then those benefits shall operate as a credit against any fee required to be paid to the tenant under this section.*

Conformance with the RSO to Provide Timely Relocation Assistance for No-Fault Evictions

The RSO requires payment of relocation assistance or that the landlord deposit in an escrow account the required relocation assistance within 15 days of filing of a notice to terminate tenancy. The amount of relocation assistance depends on the length of tenancy, the tenant’s household income, and whether a tenant household member is a minor dependent, a senior or disabled. The actual amount of relocation assistance required is determined after review of the tenant household’s information by the City’s relocation assistance contractor. The City Council has approved an amendment to the RSO to clarify the timing of payment of additional relocation assistance after the landlord’s initial

payment if it is later determined by the consultant that the tenant is entitled to a higher relocation amount (Council File No. 23-0930). If a tenant receives relocation assistance from the landlord and it is later determined the tenant is entitled to a higher relocation amount, the landlord will have to pay the higher amount within 15 days of notification of the new amount by LAHD or its contractor.

LAHD recommends amending the JCO to comport with the RSO, in order to ensure timely payment of the full required relocation assistance to which the tenant is entitled.

FISCAL IMPACT

There is no impact to the General Fund through the actions recommended in this report.

Approved By:

A handwritten signature in black ink, appearing to read "Keane", is written over a horizontal line.

TRICIA KEANE
Interim General Manager
Los Angeles Housing Department