

# RENT STABILIZATION UPDATE

January 2013

## ANNUAL ALLOWABLE RENT ADJUSTMENT

The annual allowable rent increase for rental units subject to the Rent Stabilization Ordinance (RSO) for the fiscal year from July 1, 2012 through June 30, 2013 is **3%**. (LAMC 151.07A6)

## INTEREST ON SECURITY DEPOSITS

The interest rate for tenant security deposits in 2013 is **.15%**. Alternatively, the landlord may provide the tenant a copy of the bank statement and pay the actual rate of interest earned.

## ON-LINE BILL PAYMENTS & MORE

Landlords can view billing statements online, make payments, apply for exemptions, and register to receive online email notifications. The billing payments portal link is [www.lahdbill.org](http://www.lahdbill.org). Online payments are convenient and allow landlords to immediately obtain and print their annual Rental Unit Registration Certificates.

Additionally, a variety of RSO bulletins and forms including, an interactive Capital Improvement Application form, are available online at <http://lahd.lacity.org> for download.

## RSO EXEMPTIONS

In accordance with Ordinance No. 181744, which became effective July 15, 2011, landlords who wish to claim an exemption from payment of the annual RSO registration fee must do so by **January 31<sup>st</sup>**.

## THE RSO REQUIRES ALTERNATIVE PAYMENT METHODS FOR PAYING RENT

Effective January 26, 2013, the Los Angeles City Council amended the Rent Stabilization Ordinance, which mirrors State law that requires landlords to provide an alternative method of paying rent when requesting tenants to pay rent online or by electronic fund transfer. This also applies to security deposits, surcharges or other housing related service fees. If a landlord illegally demands a tenant to pay their rent online as the sole method of payment, the tenant can withhold the rent until the landlord provides an alternative means of payment.

## FORECLOSURE IS NOT A LEGAL REASON FOR EVICTION

A foreclosure has never been a legal reason for eviction for a rent-stabilized unit. In December 2008, this same rule became applicable to all rental units in the City of Los Angeles, regardless of whether or not they are subject to the Rent Stabilization Ordinance (RSO). The Los Angeles City Council



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VAN NUYS, CA 91405

3550 WILSHIRE BLVD.  
15TH FLOOR  
LOS ANGELES, CA 90010

2215 N. BROADWAY AVE.  
LOS ANGELES, CA 90031

8475 S. VERMONT AVE.  
2ND FLOOR  
LOS ANGELES, CA 90044

690 KNOX ST. STE. #125  
LOS ANGELES, CA 90502

1645 CORINTH AVE.  
STE. #104  
LOS ANGELES, CA 90025



ANTONIO R. VILLARAIGOSA, MAYOR  
Mercedes Márquez, GENERAL MANAGER

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extended the Foreclosure Eviction Ordinance, which prohibits lenders who foreclose on any rental unit in the City of Los Angeles from evicting tenants without a legal reason permitted under the RSO, through **December 31, 2013**. Additionally, a new California state law requires that tenants renting a property that is in foreclosure be allowed to maintain possession of their rental unit until the expiration of their lease.

## **CARBON MONOXIDE DETECTORS REQUIRED BY STATE LAW**

As of January 1, 2013, owners of multi-family rental units, such as apartment buildings, are required by State law (Health and Safety Code 17926) to install carbon monoxide (CO) detectors. Carbon monoxide detectors have been required in all single family dwellings since July 1, 2011. Carbon monoxide alarms are not required in dwellings that are totally electric-powered, and do not have an attached garage.

The carbon monoxide detectors must be installed in the immediate vicinity of the bedrooms, and there should be one alarm per level, including basements. The alarms may be battery powered in existing buildings, but are required to be hardwired in new construction or permitted work.

Under the Rent Stabilization Ordinance, three programs may be utilized to recover costs for these devices:

- 1) Rehabilitation Work Program,
- 2) Capital Improvement Program, and
- 3) Smoke Detector Program.

The first two programs require that the landlord file an application with the LAHD within 12 months of completing the work and obtain approval for a rent surcharge. The third program does not require an application, but may only be utilized if the installation is for a combination smoke-carbon monoxide detector. Tenants must also be given a written 30-day notice of the \$3 monthly rent surcharge, within 60 days of the installation of the combination detectors.

Please review the available bulletins and/or application packets for each program before implementing any rent increase. They are available at any LAHD office's public counter, the LAHD website <http://lahd.lacity.org>, or by request from the LAHD Hotline at 213-557-RENT.

## **ADDITIONAL TENANTS**

When an additional tenant is added to a tenancy in a RSO unit, resulting in an increase in tenants beyond the number at the inception of the tenancy, the landlord may increase the rent by 10% for each additional tenant. However, the RSO does not allow any rent increase for the first minor dependent added to a tenancy. The landlord must notify the tenant(s) of the rent increase within **60 days**. If the landlord had actual or constructive knowledge of the additional tenant's occupancy for more than 60 days and fails to notify the tenant of the rent increase, then the landlord cannot increase the rent per Ordinance 181744, effective July 11, 2011.

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## SMOKING IN RENTAL HOUSING

Senate Bill 332, which regulates smoking in rental housing, became effective in January 2012. The law allows landlords to prohibit smoking inside rental units as well as within an apartment complex. However, landlords of Los Angeles RSO properties should understand that this applies only to new tenancies on or after January 1, 2012, unless any pre-existing leases or rental agreements prohibit current tenants from smoking.

The provisions of Senate Bill 322 do not preempt local ordinances in effect on or before January 1, 2012. Because the Los Angeles RSO prohibits evictions based on unilateral changes in the terms of tenancies, a landlord cannot change the terms of tenancy to prohibit smoking and evict a tenant from a RSO unit based on a change in tenancy to which the tenant has not agreed.

## UNILATERAL CHANGES IN TERMS OF TENANCIES

Section 151.09.A.2(c) of the RSO prevents landlords from unilaterally changing the terms of tenancy and then evicting a tenant based on a failure to comply with such a change. Landlords of RSO units may not change the terms of tenancy by imposing changes such as requiring existing tenants to obtain renters' insurance or requiring tenants to pay their monthly rent online. Unless the tenant agrees, such new requirements constitute a unilateral change in the terms of tenancy and the landlord **may not** evict a tenant from a RSO unit based on the tenant's failure to comply. Additionally, imposing new fee payment responsibilities on tenants in RSO units, such as for utilities, or reducing services without a corresponding decrease in the rent are illegal rent increases under the RSO. For further information, please call LAHD's Hotline at (866) 557-RENT (7368).

## TENANT RELOCATION ASSISTANCE AMOUNTS FOR 2013

The amount of required relocation assistance due for no-fault evictions depends on whether the tenant is an eligible or qualified tenant, the length of tenancy, and the tenant's income. In accordance with Sections 151.09G and 151.06D of the RSO, the required relocation assistance amounts effective July 1, 2012 through June 30, 2013 are:

	Tenants with Less Than 3 Years	Tenants with 3 or More Years	Income Below 80% of Area Median Income*	Mom & Pop Properties
Eligible Tenant	\$7,450	\$9,850	\$9,850	\$7,200
Qualified Tenant	\$15,800	\$18,650	\$18,650	\$14,450

Note: "Qualified tenants" include senior citizens and disabled tenants as well as households with a minor dependent child. All other tenants are "Eligible" tenants.

### **\*2013 HUD Low Income Limits for Los Angeles** (Formerly known as 80% of AMI)

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$46,400	\$53,000	\$59,650	\$66,250	\$71,550	\$76,850	\$82,150	\$87,450

A lower amount of relocation assistance is required for evictions for owner occupancy for **"Mom and Pop" properties**. "Mom and Pop" landlords may own no more than four residential units and a single-

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family house in the City of Los Angeles. (LAMC 151.30 E). These landlords may pay a lower amount in order to evict for occupancy by the landlord, or the landlord’s spouse, children, parents, grandparents, or grandchildren. Use of this provision is limited to once every three years.

A landlord may appeal a tenant’s eligibility for higher levels of relocation assistance based on the tenant’s income, age, length of tenancy, family status or disability. The fee to file an appeal is \$200 per rental unit to cover the administrative costs of the appeal hearing. (Ordinance 181744)

## **TENANT RELOCATION ASSISTANCE PROGRAM FEES**

The following fees must be paid by landlords seeking to evict tenants from RSO units for no-fault reasons, as well landlords who issue a Notice to Terminate Tenancy for any rental unit in the City of Los Angeles for a condo conversion or demolition. Through the Tenant Relocation Assistance Program, the LAHD contracts with a relocation services consultant to assist displaced tenants in relocating to new housing. No-fault evictions in RSO units also require the filing of a Landlord Declaration of Intent to Evict with the LAHD. The following table summarizes the fees per unit in effect as of July 1, 2012:

<b>TENANT RELOCATION ASSISTANCE PROGRAM FEES</b>			
<b>TYPE OF FEE</b>	<b>AMOUNT PER UNIT</b>	<b>REQUIRED FROM</b>	<b>APPLIES TO</b>
Relocation Services Application Fee (\$424)	\$424 + \$58 = \$482	All landlords who file a Relocation Services Application in order to evict an <b>“Eligible” tenant</b> for no-fault reasons	No-fault evictions in RSO units.
Administrative Fee (\$58)			Evictions from ANY Los Angeles rental unit for condo conversions or demolitions, regardless of the rental unit’s RSO status.
Relocation Services Application Fee (\$679)	\$679 + \$58 = \$737	All landlords who file a Relocation Services Application in order to evict a <b>“Qualified” tenant</b> for no-fault reasons	No-fault evictions in RSO units
Administrative Fee (\$58)			Evictions from ANY Los Angeles rental unit for condo conversions or demolitions, regardless of the rental unit’s RSO status.
Demolition Monitoring Administrative Fee	\$45	Any landlord seeking clearance of a demolition permit.	Evictions from ANY Los Angeles rental unit for condo conversions or demolitions, regardless of the rental unit’s RSO status or whether the unit is occupied.
Income Dispute Resolution Fee	\$200	Any landlord who disputes a relocation amount based on a tenant’s self-certified income level, in order to have the matter adjudicated by a Hearing Officer.	No-fault evictions in RSO units Evictions from ANY Los Angeles rental unit for condo conversions or demolitions, regardless of the rental unit’s RSO status
Owner Occupancy and Resident Manager Eviction Administrative Fee	\$75	Landlords who file a Landlord Declaration in order to evict for occupancy by owner, family or a resident manager	RSO units

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## **LANDLORD-TENANT INFORMATION WORKSHOPS CONTINUE!**

LAHD's popular free informational workshops continue, with new dates and locations added for 2013! In response to constituent requests, an evening session has been added on the last Wednesday of the month in downtown Los Angeles, as well as selected sessions in Spanish on Saturdays.

Landlords, tenants, property managers, realtors and other interested parties interested in learning about their roles and responsibilities with regard to the Los Angeles Rent Stabilization Ordinance (RSO) and Code Enforcement Programs are encouraged to attend.

A Fair Housing Rights Clinic is held on the 2<sup>nd</sup> Tuesday of every month from 10:00 a.m. to 12:00 noon at LAHD's West Los Angeles Office. "Drop-In" sessions to help landlords and tenants with applications and RSO questions are offered on the first Tuesday of the month, to help with issues such as calculating the annual allowable rent increase, interest on tenants' security deposits, filing Declarations of Intent to Evict, removing properties from the rental housing market, or filing complaints.

The complete workshop schedule for 2013 is provided at the end of this bulletin. All workshops are free of charge; however, to ensure adequate seating, participants should reserve a space at least one week in advance by calling 213-928-9075 or online at [lahd.lacity.org/rsoworkshops](http://lahd.lacity.org/rsoworkshops).

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