Rent Adjustment Commission Regulations & Guidelines

1200.00    RENT ESCROW ACCOUNT PROGRAM REGULATIONS

1200.01    DEFINITIONS

A. Dwelling Units: All Dwelling Units, efficiency Dwelling Units, light housekeeping rooms, guest rooms, and suites, as defined in Section 12.03 of the Los Angeles Municipal Code.

B. Enforcement Agency: The Department of Public Health of the County of Los Angeles, the Los Angeles Department of Building and Safety, the Los Angeles Fire Department, the Los Angeles Housing and Community Investment Department, the California Department of Housing and Community Development, their successors, or any other governmental agency that inspects rental units for the purpose of inspecting for compliance with health or safety laws.

C. Interested Party: Any natural person, firm, corporation, partnership or other entity listed in the title report as having an interest in the real property, or known to the Los Angeles Housing and Community Investment Department as claiming an interest in the real property.

D. LADBS: Los Angeles Department of Building and Safety

E. HCIDLA: Los Angeles Housing + Community Investment Department

F. LAMC: Los Angeles Municipal Code

G. LADWP: Los Angeles Department of Water and Power

H. Landlord: An owner, lessor, or sublessor (including any natural person, firm, corporation, partnership, or other entity) who receives or is entitled to receive rent for the use of any Dwelling Unit, or the agent, representative, or successor of any of the foregoing.

I. Maximum Adjusted Rent: The maximum allowable rent for a unit subject to the Rent Stabilization Ordinance as the term is defined in LAMC Section 151.02.

J. Order or Orders: One or more Order or notice to comply, correct or abate a condition or violation issued by an Enforcement Agency.

K. REAP: Rent Escrow Account Program

L. RAC: Rent Adjustment Commission
M. Tenant: A Tenant, subtenant, lessee, sublessee, person who hires a dwelling, or any other person entitled to use or occupancy of a dwelling for payment of consideration.

N. Untenantable: A Dwelling Unit shall be deemed Untenantable if it or the common area of the building, structure, or premises in which it is located is the subject of one or more citations or Orders and substantially lacks any of the affirmative standard characteristics set forth in California Civil Code Section 1941.1, and/or specified sections of the LAMC, as follows:

1. Effective waterproofing and weather protection of room and exterior walls, including unbroken windows and doors.

2. Plumbing or gas facilities which conformed to applicable law in effect at the time of installation, maintained in good working order.

3. A water supply approved under applicable law, which is under the control of the Tenant, capable of producing hot and cold running water, or a system which is under the control of the Landlord, which produces hot and cold running water, furnished to appropriate fixtures, and connected to a sewage disposal system approved under applicable law.

4. Heating facilities which conformed with applicable law at the time of installation, maintained in good working order. For purposes of this Regulation, citations for unvented gas heating devices or unvented portable heaters in any dwelling in violation of 57.112.10 and 95.802.2.1 of the LAMC constitute violations which render a Dwelling Unit Untenantable.

5. Electrical lighting, with wiring and electrical equipment which conformed with applicable law at the time of installation, maintained in good working order. For purposes of this Regulation, electrical violations of Sections 93.0311, 93.0104, 91.8104.8.1 and/or 91.8902.4, and 93.0600 of the LAMC constitute violations which render a Dwelling Unit Untenantable.

6. Building, grounds and appurtenances at the time of the commencement of the lease or rental agreement in every part clean, sanitary and free from all accumulations of debris, filth, rubbish, garbage, rodents and vermin, and all areas under control of the Landlord kept in every part clean, sanitary and free from all accumulations of debris, filth, rubbish, garbage, rodents and vermin.

7. An adequate number of appropriate receptacles for garbage and rubbish, in clean condition and good repair at the time of the commencement of the lease or rental agreement, with the Landlord providing appropriate serviceable receptacles thereafter, and being responsible for the clean condition and good repair of such receptacles under the Landlord’s control.

8. Floors, stairways and ceilings maintained in good repair.
9. A Dwelling Unit shall be deemed Untenantable for the purposes of this Regulation if it is the subject of an Order to Comply with safety related standards pertaining to unabated violations of Section 91.8902.1 of the LAMC for failure to provide any of the following:
   a. quick release safety latches for bedroom/sleeping room window security bars;
   b. operative windows used for emergency exit from rooms used for sleeping purposes;
   c. approved smoke detectors in rooms used for sleeping purposes and access thereto.

10. A Dwelling Unit shall be deemed Untenantable for the purposes of this Regulation if the unit is located in a building, structure or premises which is subject to one or more citations or Orders issued pursuant to Division 88 or Article 1 of Chapter IX of the LAMC known as the Earthquake Hazard Reduction in Existing Building Ordinance, except as follows:

    The alteration or repair work necessary to bring the building, structure or premises into compliance with the requirements of Division 88 of Article 1 or Chapter IX of the LAMC is proceeding in accordance with the time limits set forth in any citation, Order or determination issued by either the LADBS or the Board of Building and Safety Commissioners.

11. A Dwelling Unit shall be deemed Untenantable for the purposes of this Regulation if any condition, arrangement or act takes place, or is allowed to exist, including the failure to properly test or maintain equipment which increases the likelihood of fire to a greater degree than is recognized as acceptable practice by the Los Angeles Fire Department, or which may provide a ready fuel supply to augment the spread or intensity of fire, or which may obstruct, delay, hinder or interfere with the operations of the Los Angeles Fire Department or the egress of occupants in the event of fire.

12. Exiting, including but not limited to the following: lighting, maintenance, testing, designation or obstruction of fire doors and fire escapes.

13. Fire protection equipment, including but not limited to the following: fire pumps, standpipes, fire hose, fire sprinklers, fire extinguishers, or any appliance, device or system provided or installed for use in the event of fire.

14. Fire warning devices, including fire alarm systems and smoke detectors designed to safeguard life from fire.

15. Hazardous storage, obstruction of access or egress, or accumulations of hazardous refuse.

16. Failure to provide a resident manager, fire watch or security for vacant units on the property.

17. Failure to test and/or certify the proper operation of fire assemblies, equipment or systems where required.
1200.02 **RAC AUTHORITY**

The RAC has the authority to promulgate regulations to implement the provisions of the REAP Ordinance (LAMC Chapter XVI, Article 2) pursuant to LAMC Sections 162.00 et seq.

1200.03 **REFERRAL TO REAP**

A. Any Enforcement Agency, or any Tenant pursuant to the Habitability Enforcement Program (LAMC Section 153.00 et seq.), may refer any building that contains an Untenantable Dwelling Unit, or a common area deficiency that renders units in the building Untenantable, for placement into REAP if the following conditions apply:

1. The building or unit is the subject of one or more Orders;
2. The period allowed by the Order for compliance, including any extensions, has expired without compliance; and
3. The violation(s) affects the health or safety of the occupants, or, if the unit is subject to the City's Rent Stabilization Ordinance, the violation(s) result in a deprivation of housing services, as defined in LAMC Section 151.02, or a habitability violation, as defined in LAMC Section 153.02.

B. **CONTENTS OF THE REFERRAL NOTICE**

1. An Enforcement Agency shall provide the following information in its referral of a property for placement into REAP:
   a. The street address of the property;
   b. A listing of the violations in the units and common areas of the building and the units that have not been inspected where the violations are of a nature or extent that they are likely to exist in those units;
   c. The names and addresses of the Landlord;
   d. Any citation of a Tenant for sole or joint responsibility for a deficiency;
   e. The unit number or addresses of all Dwelling Units in a building being referred to REAP;
   f. A statement from the citing agency, or equivalent indication, that the period allowed for compliance, including any extensions, has expired.

2. If the referral is from a Tenant, the Tenant must complete a complaint form provided by HCIDLA for the Habitability Enforcement Program pursuant to the provisions of LAMC Section 153.03, and must attach an Order from an Enforcement Agency.

3. A referral of a property for placement into REAP shall not be invalidated solely because the required information was not included or was inaccurate. The citing agency, Tenant or HCIDLA may, at any time, correct any inaccurate information or obtain such
missing information as may be deemed necessary subsequent to the referral of a unit or property for acceptance into REAP.

1200.04 ACCEPTANCE INTO REAP

A. Upon receipt of a referral, HCIDLA shall verify that the period allowed for correcting the cited violations, including any extensions, has expired. If the compliance period has not expired but the conditions set forth in Regulation 1200.03.A have otherwise been met, HCIDLA will hold the referral for processing until after the expiration of the compliance period.

B. Upon receipt of a referral, HCIDLA shall determine whether there are other outstanding Orders against the buildings that meet the conditions set forth in Regulation 1200.03.A.

C. After completing its review, HCIDLA shall accept the subject building or unit(s) into REAP if the referral satisfies the provisions of Regulation 1200.03.A. If there are other Orders that satisfy the provisions of Regulation 1200.03.A, HCIDLA shall accept any additional units covered by those Orders into REAP. If the other Orders have not expired, HCIDLA shall accept the units effective the date the Orders expire. If the referral by the Enforcement Agency indicates that the violation(s) are of a nature that are likely to exist in or affect all of the unit(s), then any rent reduction for those violations shall apply to all affected units.

D. If HCIDLA accepts the building or unit for placement into REAP, it shall issue a written determination to the Landlord which states that HCIDLA has placed the property into REAP.

E. HCIDLA’S written determination shall be served on the Landlord by certified mail, postage prepaid, at the address of the Landlord as it appears on the last equalized assessment roll of the County, on any resident manager or authorized agent known to HCIDLA or at the address provided to HCIDLA through any registration in accordance with LAMC Section 151.05. (LAMC Section 162.04.E)

F. HCIDLA shall incorporate into the administrative file a written declaration, under penalty of perjury, completed by the staff member who mailed HCIDLA’s determination. The declarant shall attest to the date of the mailing of the determination, and the address(es) to which HCIDLA mailed the determination.

G. If the Landlord fails to appeal HCIDLA’s determination to accept the property into REAP, the determination shall be the final administrative decision. HCIDLA shall then serve the determination to all affected Tenants within five days.

H. The Landlord’s failure to receive HCIDLA’s determination shall not invalidate any subsequent proceeding if HCIDLA mailed the determination in accordance with Regulation 1200.04.E.

1200.05 RENT REDUCTION

A. Severity shall be determined by the Enforcement Agency and specified in the Order. If the Enforcement Agency does not indicate the level of severity of a deficiency, its severity level shall be deemed low.

B. Concurrent with HCIDLA’s determination to place a building or unit into REAP, HCIDLA shall
determine a reduction in rent pursuant to the rent reduction schedule set forth in Regulation 1200.06.

C. The Maximum Adjusted Rent for a Dwelling Unit placed into REAP shall be reduced in proportion to the severity of its deficiencies and its history of prior placement in REAP.

D. If the referral by an Enforcement Agency indicates that the violations are of a nature or extent that they are likely to exist in or affect all of the units, then any rent reduction for those violations shall apply to all of the units.

E. The total rent reduction for a Dwelling Unit is the sum of the severity level percentages determined for each category in Section 1200.06 of this Regulation. The Maximum Adjusted Rent shall not exceed fifty percent (50%) per unit. If the rent reduction calculation exceeds fifty percent, the calculation shall show that it is limited by the fifty percent (50%) maximum cap and set forth what the total would have been without the cap.

F. The Maximum Adjusted Rent shall not be reduced to below fifty dollars ($50) per month.

G. If any property owned by the same Landlord has been in REAP in the thirty-six (36) months prior to the subject unit’s acceptance into REAP, the reduction may be increased by up to fifty percent (50%) as determined by the Enforcement Agency, based on the severity of the circumstances, if the following apply:

1. The property owner owns more than four (4) residential units in the City of Los Angeles; and

2. The other property(ies) were in REAP in excess of twelve (12) months.

H. If the Landlord of the subject unit was convicted in the previous thirty-six (36) months of a misdemeanor arising out of a failure to comply with an Order issued by an Enforcement Agency for the subject property, the reduction may be increased by up to one hundred percent (100%) as determined by the Enforcement Agency, based on the severity of the circumstances, if the following apply:

1. The property owner owns more than four (4) residential units in the City of Los Angeles; and

2. The other property(ies) were in REAP in excess of twelve (12) months.
1200.06 RENT REDUCTION SCHEDULE

This schedule shall be the basis by which rent shall be reduced for units accepted into REAP.

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<tr>
<th>CATEGORY</th>
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<th>MEDIUM SEVERITY</th>
<th>HIGH SEVERITY</th>
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<td>Exiting</td>
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<tr>
<td>Illegal Construction</td>
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For the purposes of this Section, Illegal Construction includes construction, alteration, addition, repair, demolition, removal, or moving of any building, structure, or portion thereof without obtaining a required building permit from the Department of Building and Safety in the manner and according to the applicable conditions prescribed in Chapter IX of the LAMC.

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 accommodations” as defined by California Government Code Section 12927.)
RENT ESCROW ACCOUNT PROGRAM
RAC Regulations • Section 1200.00 • Amended: 12-02-2010,
01-16-2013, 11-21-2014, 03-27-2015

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1200.07 REQUESTS FOR A GENERAL MANAGER’S HEARING ON AN APPEAL OF A PROPERTY’S PLACEMENT INTO REAP

A. If HCIDLA determines to place a unit or property into REAP in accordance with Regulation 1200.04, it shall notify the Landlord of its determination, provide the Landlord with an appeal form, and indicate the consequences of the Landlord’s failure to file a timely appeal of HCIDLA’s determination.

B. Notice shall be served by certified mail, postage prepaid, at the address of the Landlord as it appears on the last equalized assessment roll of the County, on any resident manager or authorized agent known to HCIDLA or at the address provided to HCIDLA through any registration in accordance with LAMC Section 151.05 (LAMC Section 162.04.E.)

C. In order to file a timely appeal of HCIDLA’s determination, the Landlord’s appeal must be received by HCIDLA within fifteen (15) calendar days from the date of the mailing of HCIDLA’s determination.

D. The filing date shall be the date of actual receipt by HCIDLA, or one day after the postmark date on the envelope containing the appeal, whichever is later.

E. If the Landlord fails to file a timely appeal of HCIDLA’s determination, the determination shall constitute the final administrative decision.

F. The Landlord’s appeal must be made in writing, on a form prescribed by HCIDLA and approved by the RAC. It must include the specific grounds for appeal and the names, current rents, and rent due dates for all Tenants residing in units subject to placement into REAP.

G. If the Landlord files a timely appeal that conforms to the requirements set forth in this Regulation, HCIDLA’s determination to place the unit/property into REAP shall be stayed pending the outcome of the appeal and HCIDLA shall schedule a General Manager’s Hearing to hear the appeal.

1200.08 NOTIFICATION OF THE GENERAL MANAGER’S HEARING

A. The Notice of a General Manager’s Hearing to hear the Landlord’s appeal shall specify the following:

1. HCIDLA determined to place the unit/property into REAP;
2. The Landlord has appealed HCIDLA’s determination;
3. HCIDLA’s determination shall be stayed pending the outcome of the appeal;
4. Date, time and location of the hearing;
5. Parties may present documents, written declarations, photographs and other evidence deemed relevant to the proceedings;
6. The Enforcement Agency, or Tenants, may present proof that the violations cited in the subject Order, at the time of its issuance, affected additional units that were not in-
7. The Landlord may present proof that a rent reduction is not appropriate because the Tenant(s) caused the violations;

8. The Landlord has the burden of proving the basis of his or her appeal by a preponderance of the evidence;

9. The Landlord, Tenant or Enforcement Agency may present proof that, due to extreme circumstances, the property’s placement into REAP or the corresponding rent reductions would jeopardize the health or safety of the Tenants. HCIDLA shall scrutinize such a request with particular caution when it is not supported by the Tenants or the Enforcement Agency.

B. HCIDLA shall serve the Notice of the General Manager’s Hearing on the owner, via certified mail, postage prepaid, or in person, at least seven (7) calendar days prior to the hearing. The notice shall be sent to affected Tenants via either first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or by posting a copy on the property and posting in a conspicuous place on each affected unit, at least seven (7) calendar days prior to the hearing. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

1200.09  THE GENERAL MANAGER’S HEARING

A. Upon receipt of a timely appeal from the Landlord which conforms to Regulation 1200.07, HCIDLA shall schedule a hearing before a Hearing Officer designated by the General Manager, within thirty (30) calendar days from the date HCIDLA received the request.

B. At the hearing, the Landlord, Tenants, any Enforcement Agency and any other interested parties may present documents, written declarations, photographs and/or relevant evidence.

C. Any Tenant or any Enforcement Agency may present proof that the violations specified in the Order, at the time the Order was issued, affected additional units that have not been inspected, or that there are additional outstanding Orders affecting the same or different units of the building that were not included in the original decision.

D. The Landlord/appellant may present proof that a rent reduction is not appropriate because the violations were caused by the Tenants. The Landlord, any Tenant, or an Enforcement Agency may present proof that, due to extreme circumstances, acceptance into REAP or the corresponding rent reductions would jeopardize the health or safety of the Tenants. HCIDLA shall scrutinize such a request with particular caution when it is not supported by the Tenants or the Enforcement Agency.

E. The Landlord has the burden of proving the basis of his or her appeal by a preponderance of the evidence.
The absence of the appellant does not preclude the Hearing Officer from receipt of testimony or other evidence from any other witness.

The Hearing Officer’s decision shall be based on the administrative record and any additional testimony and evidence provided at the hearing.

**1200.10 THE GENERAL MANAGER’S DECISION**

A. The Hearing Officer shall issue a written decision within ten (10) working days of the hearing. The decision shall be sent to the owner by certified mail, postage prepaid. The General Manager’s Hearing decision also shall be sent to affected Tenants via either first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or by posting a copy on the property and posting in a conspicuous place on each affected unit. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

B. The Hearing Officer may affirm, modify, or reverse HCIDLA’s determination.

C. The Hearing Officer may continue the hearing upon a showing of good cause based on a consideration of the extent and seriousness of the conditions, their effect on the residents, and the criteria set forth in LAMC Section 161.602.1 regarding the risk of recurring violations for the subject property.

D. The Hearing Officer shall affirm HCIDLA’s determination to place the subject property in REAP only if the evidence satisfies the requirements set forth in Regulation 1200.03.A.

E. The Hearing Officer may modify or reverse HCIDLA’s determination upon making written findings setting forth specifically either:

1. HCIDLA’s action to place the building/unit into REAP was in error or constituted an abuse of discretion.

2. There is new, relevant information that was not provided to the Enforcement Agency at the time of HCIDLA’s determination to place the building/unit into REAP due to mistake, surprise, inadvertence, lack of notice, or excusable neglect; that supports a modification or reversal of HCIDLA’s determination.

F. If the Hearing Officer determines that the Landlord complied with the Order before the rent reduction effective date, the Hearing Officer shall reverse HCIDLA’s determination. If the Landlord complied with the order after the appeal was filed but before the hearing, the Hearing Officer may impose rent reductions retroactively for any rental payments that were due between the date specified in HCIDLA’s determination and the date that the violations were corrected. If the Hearing Officer affirms HCIDLA’s determination, the rent reduction shall be effective retroactive to the date specified in HCIDLA’s determination.

G. If, at the hearing, a Tenant or an Enforcement Agency presents proof that the violations specified in the Order, at the time the Order was issued, affected additional units that had not been inspected, or that there are additional outstanding Orders affecting the building that were not included in the original decision, the Hearing Officer may issue a further rent
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reduction or place additional units in REAP, or both. Further rent reduction may be made effective immediately or be made effective following the expiration date of the additional Orders if those Orders have not yet been complied with by that date. If the building is not subject to the Rent Stabilization Ordinance (LAMC Chapter XV, Article 1), the rent reduction shall not be effective until at least sixty (60) days from the date of the Order.

H. Prior to making a determination to include additional units in REAP with applicable rent reductions that were not included in HCIDLA’s determination, the Hearing Officer, upon the Landlord’s request, shall continue that portion of the hearing that regards the additional units in order to provide the Landlord with proper notice and an opportunity to be heard. The Hearing Officer may issue a decision about the rental unit included in HCIDLA’s determination prior to the date of the continued hearing or may wait and issue a decision addressing all of the units.

I. If the Hearing Officer finds that the violations are of such a nature or extent that they are likely to be found in or affect several units, the Hearing Officer may order the rent reduction extended to additional units that were not included in the original decision without proof of an outstanding Order for those units. The Hearing Officer’s decision shall state the findings which justify extension of the rent reduction to additional units not included in HCIDLA’s determination.

J. Prior to making a determination to impose rent reductions on additional units that were not included in HCIDLA’s determination, the Hearing Officer, upon the Landlord’s request, shall continue that portion of the hearing that regards the rent reduction for the additional units in order to provide the Landlord with proper notice and an opportunity to be heard. The Hearing Officer may issue a decision about the rent reduction for the rental unit included in HCIDLA’s determination prior to the date of the continued hearing or may wait and issue a decision addressing all of the units.

K. Under extreme circumstances, HCIDLA may delay, reduce, stay or deny the rent reduction or acceptance into REAP even though the evidence satisfies the requirements of Regulation 1200.03.A., when to do otherwise would jeopardize the health or safety of the Tenants or violate the constitutional rights of any person. Mere reduction of income available to make repairs does not constitute extreme circumstances. If the Hearing Officer grants such relief, the Hearing Officer shall set forth the specific circumstances which serve as the basis for the action.

1200.11 APPEAL OF THE GENERAL MANAGER’S DECISION TO THE APPEALS BOARD

A. APPEALS

1. The Landlord, any Tenant, or the Enforcement Agency may appeal the General Manager’s decision to the Appeals Board within ten (10) calendar days after service of the written decision. The appellant must file the appeal in writing, on a form provided by HCIDLA and approved by the RAC, and stipulate the specific portion(s) of the decision that are being appealed and the basis for the appeal.
2. The appellant shall pay a filing fee of one hundred fifty dollars ($150) made payable to the City of Los Angeles in the form of a cashier’s check or money order. Failure to pay the required fee by the filing deadline invalidates the appeal request.
   a. Pursuant to LAMC Section 162.06.E, HCIDLA may waive the filing fee for any appellant who files a declaration stating that he or she annually earns no more than 50% of the Area Median Income for the Los Angeles Area, as determined by the United States Department of Housing and Urban Development.
   b. The declaration shall state that the above information is true and correct.

3. If the appellant files a timely appeal, enforcement of the portions of the General Manager’s decisions being appealed shall be stayed pending the outcome of the appeal. Referrals to the City Attorney and costs associated with referrals to the City Attorney, including but not limited to administrative and clerical costs, recording fees, inspection fees, and investigation penalties, are not appealable and are not stayed by an appeal of the property’s acceptance into REAP, or the corresponding rent reductions.

4. If no party files a timely appeal of the General Manager’s decision, the decision becomes the final administrative decision for the matter.

B. NOTIFICATION OF THE APPEALS BOARD HEARING

1. Upon receipt and acceptance of the appeal, the Appeals Board shall schedule the hearing. The Appeals Board shall provide the date, time and location of the hearing to the appellant, affected Tenants and the applicable Enforcement Agency.

2. The notice of hearing shall be in writing and shall be served on the owner by certified mail, postage prepaid, or in person, at least ten (10) calendar days prior to the date of the scheduled hearing. The Notice also shall be sent to affected Tenants via either first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or by posting a copy on the property and posting in a conspicuous place on each affected unit at least ten (10) calendar days prior to the date of the scheduled hearing. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

3. The notice of hearing shall provide that the General Manager’s decision has been appealed to the Appeals Board.

4. The notice of hearing shall also state the respective rights of parties in connection with the hearing, including the right to submit a written brief as well as any supporting documents concerning the matters being appealed, or to provide oral argument. Supporting documents shall only be considered by the Appeals Board if the documents consist of new evidence that could not, with due diligence, have been discovered and produced at the General Manager’s hearing.

5. If any party chooses to submit a written brief or supporting documents, he or she shall bring fifteen (15) copies for distribution to the other parties at the hearing. Parties are
encouraged to submit additional documents one or more days in advance of an Appeals Board hearing.

C. APPEALS BOARD HEARING

1. The Appeals Board shall review the General Manager’s decision only with respect to those alleged errors of law or abuse of discretion that occurred during the General Manager’s hearing.

2. The Appeals Board shall not consider any new evidence not presented at the General Manager’s hearing unless it is newly discovered evidence which could not, with due diligence, have been discovered and produced at the General Manager’s hearing.

3. Compliance with an Order subsequent to the General Manager’s hearing shall not be considered by the Appeals Board.

4. Upon a showing of good cause, the Appeals Board may grant a continuance of the hearing to a later hearing date.

D. APPEALS BOARD DECISION

1. The Appeals Board will render its written decision within fifteen (15) calendar days of the conclusion of the appeal hearing.

2. The Appeals Board may modify or reverse the General Manager’s decision upon making written findings that set forth how the General Manager’s decision was in error or constituted an abuse of discretion. The Board shall make specific findings which support the modification or reversal of the General Manager’s decision.

3. The Appeals Board shall send its decision to the owner by certified mail, postage prepaid, or in person, and a copy of the decision shall be served on affected Tenants either by first class mail, postage prepaid, and posting a copy on the property or by posting a copy on the property and posting each affected unit, at least ten (10) calendar days prior to the date of the scheduled hearing. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

4. The Appeals Board’s decision constitutes the final administrative decision in the matter.

5. If the Appeals Board affirms the decision to place the property into REAP, the General Manager’s decision shall be effective as of the dates specified in the General Manager’s decision.

6. In accordance with LAMC Section 162.06.E, the Appeals Board shall not waive any retroactive reduction in rent imposed by the General Manager. If the General Manager’s decision imposed additional rent reductions not included in HCIDLA’s determination, and the violations on which the reductions were based were not corrected by the time the appeal was filed, then the Appeals Board shall impose a retroactive rent reduction in accordance with the General Manager’s decision.
1200.12 RECORDING THE REAP ACCEPTANCE

A. After the final administrative decision in the matter, HCIDLA shall file and record with the County Recorder of the County of Los Angeles a document which legally describes the real property and states that the subject property has been placed into REAP and the known owner of the building has been notified in writing.

B. HCIDLA may deduct from the REAP escrow account any fees associated with the filing and recording of the document(s) placing the building in REAP.

1200.13 REAP ESCROW ACCOUNT

A. ESTABLISHMENT OF THE ESCROW ACCOUNT

1. Within five (5) working days after the final administrative decision to place a building/unit into REAP, HCIDLA shall establish an escrow account, as part of the REAP Trust Fund, into which Tenants of the affected unit(s) or building may deposit rental payments.

2. HCIDLA shall notify Tenants in writing of the existence of the REAP escrow account, the Tenant’s right to exercise the option to pay rent into the escrow account in lieu of paying rent to the Landlord, the manner in which payments may be deposited into the account, and the location to which payments may be sent.

3. Payment of rent into the escrow account is at the sole discretion of the Tenant.

4. HCIDLA shall provide a receipt to each Tenant making a deposit into the escrow account.

5. Affected Tenant(s) may begin paying rent into the escrow account beginning on the date specified by HCIDLA in its written decision placing the building/unit(s) into REAP.

6. HCIDLA shall receive rent payments in person or by mail at its offices. Rental payments must be in the form of a money order, cashier’s check or certified check.

7. City employees are not authorized to accept rental payments at the property site.

8. HCIDLA shall provide the Landlord with a report accounting for all rents paid into REAP and any authorized deductions from it on a monthly basis.

9. At any time, a Tenant may request in writing a report regarding rents paid by the Tenant into the REAP escrow account.

10. Any other requests for the accounting records of an escrow account shall be processed in accordance with the California Public Records Act, Government Code Section 6250 et. seq., and other applicable laws.

11. Upon termination of the escrow account, HCIDLA shall send a copy of the accounting of all rents paid into the account, and any applicable deductions, to the Landlord of record at the time of termination.
12. HCIDLA shall return all rent money in the escrow account which has not been expended to the legal owner of the property at time of the property’s removal from REAP in accordance with LAMC Section 162.08.D.3.

13. Interest at a rate established by the RAC, pursuant to LAMC Section 151.06.02.B.1.a, shall accrue to the funds held in an escrow account, and shall be disbursed upon termination of the account pursuant to LAMC Section 162.07.A.

B. WITHDRAWALS FROM THE ESCROW ACCOUNT

1. HCIDLA shall deduct a non-refundable administrative fee of fifty dollars ($50) for each individual rent payment made into the escrow account. Only one such fee shall be deducted for each Dwelling Unit for each month.

2. While a unit/building is in REAP, a Landlord, Tenant, Enforcement Agency and/or any creditor may apply to the General Manager for a release of funds from the escrow account. Withdrawals may be for the following reasons:
   a. 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 approval of the request;
   b. When necessary for the correction of deficiencies including, but not limited to, those that caused the unit/building to be placed in REAP, and consistent with the following:
      i. Prepayment of the expenses does not preclude approval of the request;
      ii. For unpaid estimates or invoices, payment shall be made directly to the contractor. If the amount approved is in excess of one thousand dollars ($1,000) HCIDLA shall withhold fifty percent (50%) of the funds approved until verification that the work has been completed in a satisfactory manner;
   c. When to the extent legally permissible, and consistent with the subsections below, requested by a Tenant who has performed or wishes to repair conditions that affect the Tenant’s health and safety, that result in a deprivation of housing services, as defined in LAMC Section 151.02, or that result in a habitability violation, as defined in LAMC Section 153.02. Those repairs are not limited to the repair of violations that caused acceptance into REAP;
      i. For repairs in excess of five hundred dollars ($500), the Tenant must submit an estimate or invoice from a licensed contractor, which includes labor, materials, and permit costs, if applicable;
      ii. Tenants may jointly apply for repairs of deficiencies in the common areas of the building that also affect their units;
      iii. For unpaid estimates or invoices, payment shall be made directly to the contractor. If the amount approved is in excess of one thousand dollars ($1,000)
HCIDLA shall withhold fifty percent (50%) of the funds approved until verification that the work has been completed in a satisfactory manner;

d. When requested by a Tenant who wishes to or has relocated from the unit/building, and consistent with the subsections below:

i. Pending unlawful detainer actions, or judgments, against the Tenant shall not preclude approval of the Tenant’s request. The General Manager may consider, among other relevant factors, the following in making a determination:

a) Whether the Tenant’s application was made subsequent to the pending unlawful detainer or judgment;

b) The habitability conditions of the unit/building or property;

c) If more than six (6) months have elapsed since the issuance of the underlying Order by the Enforcement Agency that placed the property into REAP, and the judgment is a default judgment or a judgment based on nonpayment of rent;

ii. The General Manager shall not approve release of escrow funds for relocation if, at the time of application, the Enforcement Agency has verified the Landlord’s correction of the deficiencies cited in all outstanding Order(s) for the Tenant’s unit/building;

iii. No application is required where an Enforcement Agency has issued an Order to Vacate. HCIDLA shall have authority to immediately release escrow funds to affected Tenants as relocation assistance;

iv. The General Manager shall calculate the amount of the relocation fee based on the greater of either of the following:

a) The monthly rental disparity between the Tenant’s rent for the subject unit prior to the REAP reduction and the market rent for a unit of similar size for forty-two (42) months;

b) The amount to which the Tenant would be entitled for evictions subject to LAMC Section 151.09.G;

v. The Tenant is only limited to receiving those funds that are available in the escrow account for the Tenant’s unit;

vi. If the General Manager approves a request for release of escrow funds for relocation, and the Tenant fails to relocate within sixty (60) days of receipt of the released funds, the Tenant shall return the released funds to the escrow account.

e. When requested by a Tenant who has sustained expenses due to uninhabitable conditions;
f. When ordered by a court;

g. To satisfy a judgment obtained under LAMC Section 162.09.C; but limited to those funds that are available in the escrow account of the prevailing Tenant;

h. To rectify an unintended or erroneous payment at the time of deposit into the escrow account.

3. HCIDLA shall convene a hearing to review a request for release of escrow funds within twenty-one (21) calendar days of the receipt of the application.

4. No later than fifteen (15) days from the date of the hearing, HCIDLA shall provide written notice of the hearing to the Landlord, affected Tenant(s), the Enforcement Agency, and any applicable creditors. The notice shall include a statement specifying the nature of the request(s) to be considered and the date, time and location of the hearing. The notice also shall be sent to affected Tenants via either first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or by posting a copy on the property and posting in a conspicuous place on each affected unit. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

5. The General Manager shall order the release of funds from the escrow account where it has been demonstrated to the satisfaction of the General Manager that the conditions set forth in Regulations 1200.13.B.2 have been met.

6. The General Manager also may release funds from the escrow account without a hearing or on shortened notice when it is deemed necessary to address an imminent threat to the health or safety of the occupants, or to prevent the termination of utilities.

7. Any aggrieved party may appeal the General Manager’s decision to the Appeals Board pursuant to Regulation 1200.11.

8. If the General Manager receives more than one request before its hearing for release of escrow funds, the General Manager shall give priority to requests for funds to make repairs, or to preserve essential services over other requests.

9. The General Manager shall deny an application for release of funds if the General Manager determines that the application is intended, in whole or in part, to circumvent the provisions of the REAP Ordinance (LAMC Chapter XVI, Article 2). A debt incurred subsequent to notice to a creditor that the building was under consideration for or had been selected for participation in REAP shall be presumed, subject to rebuttal, to be for the purpose of circumventing the provisions of the REAP Ordinance.

10. The General Manager shall have the right to request any and all information deemed necessary to reach a decision concerning an application for release of escrow funds.

11. The Hearing Officer shall issue a written decision within ten (10) working days of the hearing. The decision shall be sent to the owner by certified mail, postage prepaid. The General Manager’s Hearing decision also shall be sent to affected Tenants via ei-
ther first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or by posting a copy on the property and posting in a conspicuous place on each affected unit.

C. **MONTHLY ADMINISTRATIVE FEES**

1. The Landlord shall owe a non-refundable monthly administrative fee of fifty dollars ($50) for each unit placed into REAP.

2. If a Tenant makes an individual rent payment for a particular month to the escrow account, HCIDLA shall deduct the administrative fee due for that month for the Tenant’s unit from the rent payment.

3. Fees are due per unit, for each month, including partial months, that the unit remains in REAP and is inhabited.

4. If a subject unit is vacant in a particular month, the Landlord shall not owe the administrative fee for the unit for the given month only if the Landlord files an exemption, on a form prescribed by HCIDLA, attesting to the unit’s vacancy within thirty (30) days of HCIDLA’s initial notification of the administrative fees due for the subject unit for the given month.

5. HCIDLA may impose a late fine on delinquent fees equal to one hundred percent (100%) of the amount due if HCIDLA notifies the owner in accordance with LAMC Section 162.12.E.

6. HCIDLA may also charge interest where an owner fails to pay the administrative fee, or any late fine, if HCIDLA notifies the owner in accordance with LAMC Section 162.12.E. The interest shall be calculated at the rate of one percent (1%) per month, or fraction thereof, on the amount of the fee and late fine imposed, from the date the fee became delinquent until the date of payment.

**1200.14 TERMINATION OF REAP**

A. The Landlord, the affected Tenant, or the Enforcement Agency may notify HCIDLA that the Landlord has complied with all outstanding Orders, including Orders from any Enforcement Agency issued subsequent to the Order which resulted in the property’s acceptance into REAP. Upon receipt of such notice, HCIDLA shall verify compliance with the Enforcement Agency.

B. HCIDLA may also review an application from a Landlord to terminate the rent reduction for certain units, notwithstanding the continuation of violations affecting other units, if HCIDLA determines that the violations affecting the subject units have been corrected in accordance with Subsection A of this Section.

C. HCIDLA may recommend termination of the escrow account, if it determines that the Landlord has complied with all outstanding Orders and the Landlord has paid all outstanding and
non-appealable electric service and/or water charges for the subject property to the satisfaction of LADWP.

If HCIDLA is precluded from recommending termination of the escrow account only due to outstanding utility charges owed to LADWP of the City of Los Angeles, HCIDLA may release funds available in the escrow account beyond the amount necessary to pay the fifty dollars ($50) monthly administrative fees per unit, to satisfy the outstanding LADWP charges upon written consent of the Landlord.

D. If the City Council terminates the REAP escrow account, any funds thereafter remaining in the escrow account shall be paid in the following order:

1. Any administrative fees owed pursuant to LAMC Section 162.07.B.1 that remain outstanding;
2. Any fees and penalties imposed pursuant to LAMC Chapter XVI, Article 1, that have not yet been collected;
3. Any rent registration fees outstanding for the subject property pursuant to LAMC Section 151.05, including any applicable penalties;
4. Any outstanding and non-appealable electric service and/or water charges owed to LADWP;
5. Any remaining funds in the escrow account, and any interest accrued therein pursuant to Regulation 1200.A.13, shall be returned to the owner of the subject property as of the date that the City Council removes the property from REAP.

E. As a condition of terminating the escrow account, the City Council may order an expedited systematic inspection pursuant to LAMC Section 161.805.6 and impose inspection fees and administrative costs pursuant to LAMC Sections 161.901 through 161.903. The City Council also may condition termination of the escrow account on payment of these fees and costs, or any other unpaid utility charges owed in accordance with Subsection C of this Section.

F. The City Council, by resolution, may condition the release of a unit/building from REAP subject to the following:

1. The Landlord shall pay any outstanding and non-appealable electric service and/or water charges pertaining to the property in REAP, to the satisfaction of LADWP; and
2. The Landlord pay all outstanding rent registration fees, including any applicable penalties, owed to HCIDLA pursuant to LAMC Section 151.05, and any inspection fees, costs or administrative costs owed to HCIDLA pursuant to LAMC Chapter XVI, Article 1; and
3. The Landlord prepay for two (2) annual inspections, beyond the initial and re-inspections covered by the annual Systematic Code Enforcement fee pursuant to LAMC Section 161.352, for each unit that was included in REAP, in the amount of one hundred sixty-nine dollars ($169) per additional inspection. Any additional inspection requiring
more than 1.5 on-site hours may be billed at an additional fifty-two dollars ($52) per hour or portion thereof for on-site work.

1200.15 NOTIFICATION PROCEDURES FOLLOWING A UNIT/ BUILDING’S REMOVAL FROM REAP

A. HCIDLA shall notify the Landlord, affected Tenants and any interested parties that the City Council has removed the subject unit/building from REAP by first class mail, postage prepaid.

B. HCIDLA shall notify any affected Tenant of the date on which reduced rent for the unit shall be restored to its original level and the date rent must be paid directly to the Landlord and not to the escrow account. The date of rent restoration shall be thirty (30) days from the date HCIDLA notifies any affected Tenant.

C. HCIDLA shall notify the current Landlord of the final accounting of rents paid into the escrow account and any disbursements from the escrow account.

D. Upon the unit/building’s removal from REAP, HCIDLA shall file and record with the Los Angeles County Recorder’s Office a certificate terminating the previously recorded notification that the property had been placed into REAP.

1200.16 TENANT PROTECTIONS

A. EVICTION PROTECTIONS

1. The gross amount of a payment made into the escrow account by or on behalf of a Tenant shall be deemed as a payment to the Landlord, for purposes of determining whether a Tenant has paid rent in accordance with LAMC Section 151.09.A.1 or Section 1159 of the California Code of Civil Procedure. The Tenant may raise payment of rent into the escrow account as an affirmative defense in an unlawful detainer action in the same manner as if such payment had been made to, and accepted by, the Landlord.

2. If a unit is in REAP, the Landlord shall request verification in writing from HCIDLA as to whether the subject Tenant has paid rent to the escrow account prior to initiating an unlawful detainer action. HCIDLA shall respond within three (3) business days to such verification requests. The Landlord shall not initiate any action to evict the Tenant on the basis of nonpayment, pursuant to LAMC Section 151.09.A.1, if HCIDLA verifies that the subject Tenant has paid the rent owed, including any applicable rent reductions, to the escrow account.

3. Whether or not the subject unit is subject to the RSO, until the unit is removed from REAP and for one hundred eighty (180) days thereafter, or until the expiration of the period specified under LAMC Section 161.806, if applicable, whichever is later, the Landlord may only bring an action to recover possession of the unit upon the grounds set forth in LAMC Section 151.09.A.

4. If a Landlord’s dominant intent in initiating an eviction action against the Tenant is retaliation for the Tenant, or an Enforcement Agency’s exercise of rights and duties under
LAMC Chapter XVI, and if the Tenant is not in default in payment of rent, then the Landlord may not evict or cause the Tenant to quit voluntarily.

5. Until the unit is removed from REAP and for one (1) year thereafter, the Landlord must demonstrate that in an eviction action, other than for nonpayment of rent, that the eviction is not retaliatory in nature.

6. In any eviction action by a Landlord, the Tenant may raise as a defense any grounds set forth in Section 1200.16 of this Regulation. If the Tenant in a unit in the REAP program is the prevailing party, he or she shall be entitled to recover reasonable attorney’s fees and expenses.

B. RENT INCREASES

Until the unit is removed from REAP and for one (1) year thereafter, or until the expiration of the period specified under LAMC Section 161.807 if applicable, whichever is later, the Landlord or any subsequent Landlord shall not increase the rent for the current or any subsequent Tenants of the unit. If the unit is subject to the RSO, after expiration of this period, no rent increase shall be permitted for reimbursement of a primary renovation, capital improvement or cited rehabilitation work for any corrections necessary to comply with the Order that resulted in the unit/building’s acceptance into REAP or for any additional Orders issued after the acceptance into REAP.

C. CIVIL ACTIONS

Any Landlord who violates the provisions of the REAP Ordinance, LAMC Chapter XVI, Article 2, or retaliates against a Tenant for the Tenant’s exercise of his or her rights under the REAP Ordinance, shall be liable in a civil action for damages, a penalty of one thousand dollars ($1,000) per violation, and reasonable attorney’s fees and expenses. Any judgment awarded may be collected from the escrow account pursuant to Section 1200.13.B.2.g of this Regulation.

THIS INFORMATION IS OFFERED FREE OF CHARGE TO THE GENERAL PUBLIC.

While this publication is designed to provide accurate and current information about the law, readers should consult an attorney or other expert for advice in particular cases, and should also read the relevant statutes and court decisions when relying on cited material. Laws and guidelines are frequently amended. The HCIDLA recommends that you verify information in the event that new changes are not yet reflected in this publication. The HCIDLA does not assume and hereby disclaims any liability to any party for any loss, damage, or disruption caused by errors or omissions, whether such errors or omissions result from negligence, accident, or any other cause.

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