



ESSENTIAL GUIDE FOR LANDLORDS

# *The Smart Guide*

Invest Smart. **Rent Smarter.**  
[HomeForLARenters.org](http://HomeForLARenters.org)

**HOME  
FOR  
Renters**

# *Greetings from HCIDLA!*

**This booklet is specifically for LA landlords whose properties are covered by the City's Rent Stabilization Ordinance (RSO). Here, you will find information about the RSO along with your landlord responsibilities, rights, and resources available to you.**

# *Know The Basics*

## KNOW THE BASICS

### *What is Rent Stabilization or Rent Control?*

The Rent Stabilization Ordinance (RSO) is a law in the City of Los Angeles that covers about 624,000 units of rental housing and protects tenants from excessive rent increases while allowing owners to receive reasonable returns on their investment in rental housing.

The RSO generally covers rental units built before October 1978 with the exception of one single-family dwelling on a single parcel. Owners are required to register all RSO units annually and pay a fee to cover program costs.



**1 in 2 LA households lives  
in a rent-controlled unit.**

**RSO**

## KNOW THE BASICS

# *Why does Los Angeles have Rent Stabilization?*

In 1978, there was a shortage of decent, safe and sanitary housing resulting from a critically low vacancy factor. Landlord and tenant organizations worked with the City of Los Angeles to develop a method for stabilizing and slowing down rent increases, which resulted in the adoption of the Rent Stabilization Ordinance (RSO) in 1979.

# *Your Basic Respon- sibilities*

**Your rental property investment is someone's home.**

**The RSO gives landlords and tenants certain rights that you need to know to profitably and legally rent your units.**

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I. BE AN INFORMED LANDLORD

***Know whether your property is rent-stabilized.***

The RSO covers most rental units built prior to 1979, including duplexes and condos. In some cases, units built after 2006 may also be covered by the RSO. Call HCIDLA to see if your building is covered under the RSO at:

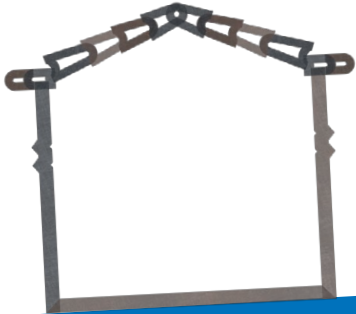
**866-557-RENT (7368).**

Or look up the property address online at:

**[zimas.lacity.org](http://zimas.lacity.org)**

All RSO properties must post a notification about the RSO. Download the notification form online at:

**[hcidla.lacity.org](http://hcidla.lacity.org)**





I. BE AN INFORMED LANDLORD

**Register your RSO property on time with HCIDLA EVERY year.**

Landlords must register ALL RSO units with HCIDLA by the last day of February to avoid late fees. The fees are:

**1. Annual Rental Unit Registration Fee**

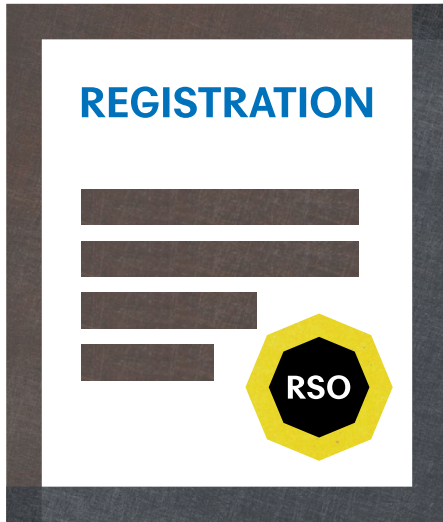
\$24.51

A RSO registration fee of \$24.51 per rental unit. Register online at: [HCIDLAbill.org](http://HCIDLAbill.org)

**2. SCEP Fee**

\$43.32

An annual Systematic Code Enforcement Program (SCEP) fee of \$43.32 per rental unit. The SCEP fee covers the costs of inspections to the interior and exterior of multi-family residential rental units in properties with two or more units once every four years to ensure compliance with State and local Health and Safety codes.



## II. KEEP YOUR TENANTS UP TO DATE

***Provide a copy of your property's registration statement to your tenants before collecting rent.***

Under the RSO, all rental units rented or offered for rent must be registered annually with HCIDLA. A landlord cannot legally collect rent until they provide their tenants with a copy of the registration statement. Registration statements are issued to landlords during the month of April and are valid from May 1st through April 30th of the following year.

If you pay online, you can immediately download your statement of registration at: [HCIDLAbill.org](https://www.HCIDLAbill.org)



## II. KEEP YOUR TENANTS UP TO DATE

### *Post an RSO Notification in your rental building.*



All RSO properties must have a posted HCIDLA-approved RSO Notification with information regarding the RSO and HCIDLA contact information. This notice must be posted in a common area, such as in the lobby, near the mailbox, or in or near a public entrance to the property.

### III. FOLLOW RENT ADJUSTMENT LAWS

***You can adjust rent for these reasons.***



**In order to maintain the income flow and profitability of your rental property investment, you should fully understand the eleven legal reasons to adjust rent allowed by the RSO. Some rent adjustments may require HCIDLA approval prior to rent adjustment.**

## **1. DO NOT Require HCIDLA Approval**

### **VACANCY DECONTROL**

Rent control applies to a particular rental unit only as long as it is rented to the tenant. If a tenant voluntarily leaves or is evicted for non-payment of the legal rent, for violating the terms of the rental agreement and failing to cure the violation, or for failing to abide by the terms of a Tenant Habitability Plan, the landlord may set the new rent for a new tenant to market.

### **ANNUAL ALLOWABLE RENT INCREASE**

Set annually by HCIDLA in accordance with the RSO, it is currently 3%, plus 1% for gas and/or electricity if the landlord pays these costs. The landlord can only increase rent for this reason once every 12 months provided the tenant is given a written 30-day notice in advance. The Annual Allowable Rent Increase cannot be applied retroactively.

### **ADDITIONAL TENANT INCREASE**

Allows 10% increase for each additional tenant approved by the landlord. However, the rent may not be increased for the first minor dependent child added to the tenancy. Multiple births, such as twins, count as one additional tenant if it's the first child added to the tenancy. Approval of an additional tenant cannot be unreasonably withheld.

### **REGISTRATION FEE RECOVERY**

Allows 50% of registration fee (\$24.51) recovery from tenants. The fee can only be collected in the month of June, as long as the tenant is provided with an advance written notice to pay.

### **SCEP FEE RECOVERY**

Allows 100% of SCEP fee (\$43.32) recovery from tenants. This fee can be collected within 12 months at a monthly fee of \$3.61, as long as the tenant is provided with an advance written notice to pay.

### **SMOKE/CARBON MONOXIDE DETECTOR INSTALLATION COST RECOVERY**

Tenants may be assessed for a temporary rent increase of up to \$3 per month within 2 months after installation of either smoke detectors or combination smoke/carbon monoxide detectors to cover purchase and installation costs. To implement this program correctly, please obtain the Rent Adjustment Commission (RAC) Regulations Section 340 at [hcidla.lacity.org](http://hcidla.lacity.org)

## **2. Require HCIDLA Approval**

### **CAPITAL IMPROVEMENTS**

Improvements to the rental units or common areas for items that primarily benefit the tenants and have a useful life of at least five years, such as installation or replacement of washers and dryers, security gates, carpet, roofing, etc.

### **PRIMARY RENOVATION**

Allows up to 100% cost recovery with a permanent rent increase capped at 10% of the rent for the renovation of major building systems within the rental building or to reduce exposure to hazardous materials. This work requires a permit under the Los Angeles Municipal Code and Tenant Habitability Plan (THP).

### **REHABILITATION WORK**

Work done on a rental unit or common area to comply with an order from HCIDLA, LADBS, LAFD or the Health Department, due to a change in the Housing Code.

### **SEISMIC RETROFIT WORK \***

Work done to existing wood-frame buildings with soft, weak, or open-front walls as mandated by a City seismic-retrofit order. A soft-story building with completed mandated seismic retrofit work may qualify for a significant reduction in its insurance premium.

### **JUST AND REASONABLE RENT INCREASE (REVIEW OF NET OPERATING INCOME):**

A special permanent rent adjustment may be approved when operating expenses exceed operating income, as adjusted for inflation. If you are buying a rent-stabilized property, ask the seller for a copy of his/her IRS Schedule E for the oldest year he/she has available, especially if the rents are significantly below market rate. You may be eligible to apply for a Just and Reasonable permanent rent adjustment.

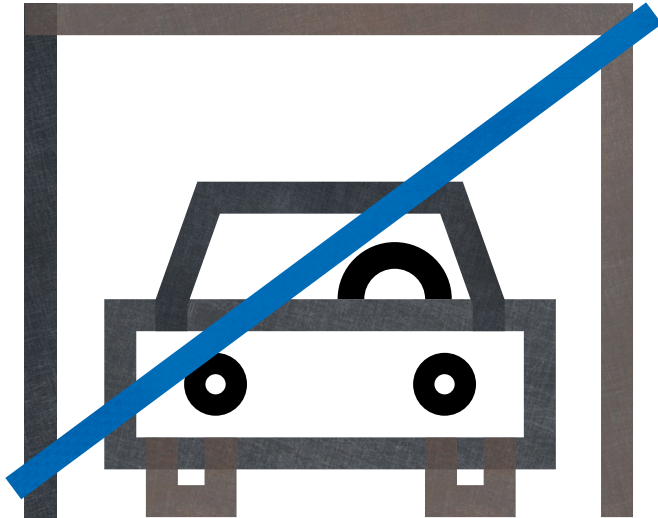
\* In 2015, the City of LA adopted mandatory seismic retrofit requirements for soft-story buildings. Landlords are allowed to pass along a portion of the costs of this retrofit work to tenants.



A change of ownership is NOT a legal reason to raise rents to market rate in a rent-stabilized building.

### III. FOLLOW RENT ADJUSTMENT LAWS

***Adjust tenant rent  
when housing services  
are removed.***



**If a housing service (e.g. parking, laundry, pool) provided to tenants at the beginning of their tenancy needs to be removed or is no longer accessible, the tenant's rent must be reduced as compensation.**

**Otherwise the tenant may file a complaint with HCIDLA for an illegal rent increase.**



### III. FOLLOW RENT ADJUSTMENT LAWS

***Provide alternative methods of payment for rent and fees other than online or electronic transfers.***

State law and the RSO prohibit landlords from demanding or requiring payments via Internet or electronic funds transfer as the **ONLY** method accepted for payment of rent, security deposits, surcharges or other housing service fees.

#### IV. PERFORM ONLY LEGAL EVICTIONS

***You can only evict a tenant for fourteen legal reasons.***



**The RSO allows evictions when the tenant is at fault, as well as certain no-fault evictions.**

## *Tenant At-Fault Evictions*



- 1 NON-PAYMENT OF RENT**  
The tenant did not pay the rent by the due date specified in the rental agreement.
- 2 LEASE VIOLATION**  
The tenant violated the lease terms and received written notice from you to fix the violation.
- 3 NUISANCE**  
The tenant is causing damage to the rental unit or is creating an unreasonable interference and harm to the other residents of the same or adjacent buildings.
- 4 ILLEGAL PURPOSE**  
The tenant is using the rental unit for a purpose other than residential use. This includes gang and drug activity.
- 5 FAILURE TO RENEW THE LEASE**  
The written lease or rental agreement expired and the tenant refuses to sign a new lease or rental agreement with a similar duration and provisions.
- 6 DENIAL OF ACCESS**  
The tenant is refusing you or your agent reasonable access to the unit for repairs/improvements, inspections, or for the purpose of showing the rental unit to any prospective purchaser or mortgagee.
- 7 UNAPPROVED SUBTENANT**  
The person in possession of the rental unit at the end of a lease term is a subtenant not approved by you.
- 8 VIOLATION OF TENANT HABITABILITY PLAN**  
The tenant is unreasonably interfering with the ability to perform primary renovation or seismic retrofit work to your unit or the building.


## Tenant No-Fault Evictions



**You will need to file a Landlord Declaration with HCIDLA and the tenant may be entitled to receive relocation assistance from you for an eviction for the following reasons:**

- 1 OWNER/RESIDENT MANAGER OCCUPANCY**  
You, a family member, or a resident manager need to occupy the tenant's unit. Eligible family members include the landlord's children, parents, spouse or grandparents.
- 2 PERMANENT REMOVAL FROM THE RENTAL HOUSING MARKET OR DEMOLITION OF THE BUILDING (ELLIS ACT\*)**  
The rental units will no longer be rented and may be converted or demolished to create a new residential or commercial building.
- 3 COMPLIANCE WITH A GOVERNMENT ORDER**  
You were cited by a government agency requiring the unit to be vacated.
- 4 HUD FORECLOSURE**  
The property is owned by the Secretary of Housing and Urban Development (HUD) and is required to be vacant.
- 5 RESIDENTIAL HOTEL UNIT CONVERSION AND DEMOLITION**  
The property is a residential hotel that has been approved to be converted or demolished.
- 6 CONVERSION TO AFFORDABLE HOUSING**  
The property will be converted to affordable housing accommodations with a recorded government-imposed regulatory agreement.

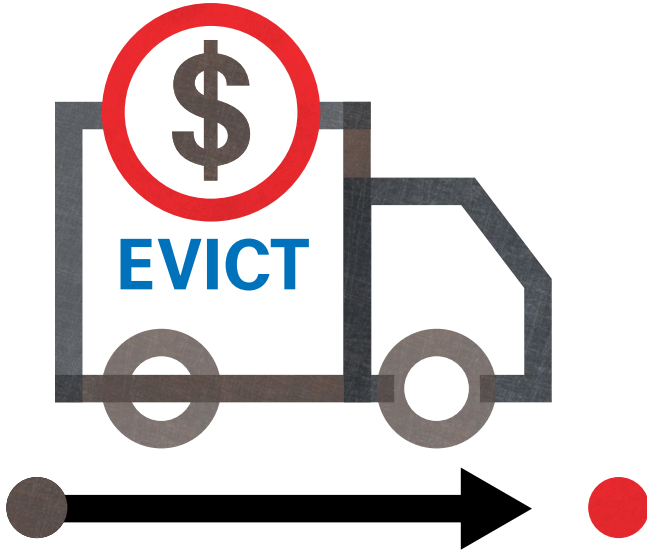
\* The Ellis Act is the State law that allows landlords to legally evict tenants when permanently removing units from the rental market.

 A sale of a property or a change of ownership is not a legal reason to evict tenants in an RSO property.



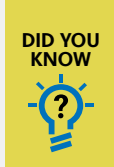
#### IV. PERFORM ONLY LEGAL EVICTIONS

***You must pay Relocation Assistance in the case of a No-Fault Eviction.***



In most cases, relocation assistance must be paid to tenants being evicted through no fault of their own. The relocation assistance is paid per unit, not per tenant.

The amount of relocation assistance depends on whether the tenant is a Qualified Tenant or an Eligible Tenant, the length of the tenancy, and the household income.



You can access resources that are available to you as an LA landlord.

**QUALIFIED TENANT**

A tenant who is 62 years of age or older, disabled, or who has one or more minor dependent children residing in the rental unit.

**ELIGIBLE TENANT**

All other tenants are Eligible Tenants and are entitled to receive a relocation assistance amount that depends on their length of time in the unit and household income.



**In evictions for owner occupancy, qualifying “Mom and Pop” landlords may pay reduced relocation assistance.**



**Sale of a property or a change of ownership is not a legal reason to evict tenants in a RSO property.**

See this year’s relocation rate at: [HomeForLARenters.org](http://HomeForLARenters.org)

**HCIDLA provides several ways to stay connected and access information to help you improve and invest in your property while complying with RSO rules.**

**HCIDLA WEBSITE**

Visit [hcidla.lacity.org](http://hcidla.lacity.org), where you will find valuable information about being a LA landlord.

**FREE MONTHLY WORKSHOPS**

Attend free monthly Landlord-Tenant RSO workshops sponsored by the Rent Stabilization Division of the HCIDLA. The workshop schedule is found at: [hcidla.lacity.org/rent-stabilization-workshop-calendar](http://hcidla.lacity.org/rent-stabilization-workshop-calendar)

**CALL HCIDLA HOTLINE**

Get answers to your questions: Call our hotline at **866-557-7368** or visit one of our 7 public counters.

**“DROP-IN” ONE-ON-ONE SESSIONS**

HCIDLA offers monthly “Drop-In” one-on-one sessions on the first Tuesday of the month for assistance with cost recovery applications and other HCIDLA forms or procedures. Call **213-928-9075** to book an appointment with a counselor on the issue you need help with.



***Thank you for  
providing  
homes to  
Angelenos!***



THIS CAMPAIGN IS BROUGHT TO YOU BY THE CITY OF  
LA HOUSING + COMMUNITY INVESTMENT DEPARTMENT  
RENT STABILIZATION PROGRAM.

Eric  
Garcetti

