

RENT ESCROW ACCOUNT PROGRAM (REAP)

RAC Regulations • Section 1200.00 • Amended: 12-02-2010, 01-16-2013,
11-21-2014, 03-27-2015, 02-15-2017, 10-28-2019, 03-07-2024

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1200.01 DEFINITIONS

- A. Department: Refers to the Los Angeles Housing Department (LAHD); formerly known as the Los Angeles Housing and Community Investment Department (HCID or HCIDLA); also, formerly known as the Los Angeles Housing Department (LAHD); and any successor entities.
- B. 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.
- C. 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 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.
- D. General Manager's Hearing: A hearing before a Hearing Officer pursuant to Regulation 1200.8 or 1200.12, as applicable.
- E. Hearing Officer: Any individual authorized or designated by the General Manager of the Los Angeles Housing Department to conduct administrative hearings.
- F. 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 Department as claiming an interest in the real property.
- G. LADBS: Los Angeles Department of Building and Safety.
- H. LADWP: Los Angeles Department of Water and Power.
- I. LAMC: Los Angeles Municipal Code.
- J. 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.
- K. Order or Orders: One or more Order or notice to comply, correct or abate a condition or violation issued by an Enforcement Agency.
- L. Property Owner/Landlord: An owner, lessor, or sub lessor (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.
- M. RAC: Rent Adjustment Commission.
- N. REAP: Rent Escrow Account Program.
- O. Tenant: A Tenant, subtenant, lessee, sub lessee, person who hires a dwelling, or any other person entitled to use or occupancy of a dwelling for payment of consideration.
- P. 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 roof 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.

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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 Property Owner/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 to 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 to 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, and all areas under control of the Property Owner/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 Property Owner/Landlord providing appropriate serviceable receptacles thereafter, and being responsible for the clean condition and good repair of such receptacles under the Property Owner/Landlord's control.
8. Floors, stairways and railings 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

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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 RENT ADJUSTMENT COMMISSION 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 City or County agency, or any Tenant pursuant to LAMC Section 153.00 and 162.00 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 expire 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 Property Owner/Landlord;

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- 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 the Department 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 the Department 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, the Department 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, the Department will hold the referral for processing until after the expiration of the compliance period.
- B. Upon receipt of a referral, the Department 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, the Department 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, the Department shall accept any additional units covered by those Orders into REAP. If the other Orders have not expired, the Department 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 shall apply to all affected units.

1200.05 NOTIFICATION OF ACCEPTANCE INTO REAP AND NOTICE OF GENERAL MANAGER'S HEARING

- A. If the Department accepts the building or unit for placement into REAP, it shall issue a Notice of Acceptance into REAP to the Property Owner/Landlord and affected tenants which states that the Department has placed the property into REAP. A Notice of Acceptance into REAP shall include a statement that enforcement will be stayed until a final administrative decision is issued and that the Hearing Officer's Decision shall be the final administrative decision unless appealed pursuant to Regulation 1200.10 et seq.
- B. Concurrent with the Notice of Acceptance into REAP, the Department shall schedule a General Manager's Hearing and issue a Notice of a General Manager's Hearing. The Notice of General Manager Hearing shall include the following information:
 1. The Department has determined to place the unit/property into REAP;
 2. Enforcement of REAP shall be stayed pending the outcome of a General Manager's Hearing;



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- C. The Rent Reduction effective date shall be the date of the Hearing Officer’s Decision affirming the placement of the property or unit into REAP.
- D. 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.
- E. 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.
- F. The total rent reduction for a Dwelling Unit is the sum of the severity level percentages determined for each category in Section 1200.07 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.
- G. The Maximum Adjusted Rent shall not be reduced to below fifty dollars (\$50) per month.
- H. If any property owned by the same Property Owner/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/Landlord 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.

1200.07 RENT REDUCTION SCHEDULE

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

CATEGORY	LOW SEVERITY	MEDIUM SEVERITY	HIGH SEVERITY
Nuisance Conditions	10%	15%	20%
Structural Hazards	10%	15%	20%
Fire Warning Devices	10%	15%	20%
Exiting	10%	15%	20%
Fire Protection Equipment	10%	15%	20%
Hazardous Storage	10%	15%	20%
Failure to test/Certify	10%	15%	20%
Failure to Manage/Secure	10%	15%	20%
Sanitation/Infestation	10%	15%	20%
Weather Protection	10%	15%	20%
Maintenance	10%	15%	20%
Electrical	10%	15%	20%
Plumbing/Gas	10%	15%	20%
Heating/Ventilation	10%	15%	20%
Illegal Construction	10%	15%	20%

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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.)

1200.08 SCOPE OF GENERAL MANAGER’S HEARING

- A. The Department shall schedule a General Manager’s Hearing before a Hearing Officer designated by the General Manager.
- B. At the General Manager’s Hearing, the Property Owner/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 of the Department.
- D. The Property Owner/Landlord may present proof that a rent reduction is not appropriate because the violations were caused by the Tenants. The Property Owner/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. The Hearing Officer shall scrutinize such a proof with particular caution when it is not supported by the Tenants or the Enforcement Agency.
- E. The Property Owner/Landlord has the burden of proving the basis a reversal or modification of the acceptance into REAP by a preponderance of the evidence.
- F. The absence of any party does not preclude the Hearing Officer from receipt of testimony or other evidence from any other witness.
- G. The Hearing Officer’s Decision shall be based on the administrative record and any additional testimony and evidence provided at the General Manager’s Hearing.

1200.09 THE HEARING OFFICER’S DECISION

- A. The Hearing Officer shall issue a written decision within ten (10) working days following the General Manager’s Hearing. The Hearing Officer’s Decision shall be sent to: (1) the Property Owner/Landlord by certified mail, postage prepaid, and (2) affected Tenants via either (a) First Class mail, postage prepaid and posting in a conspicuous place on the property or (b) posting in a conspicuous place in the common area of 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 the Department’s Decision to place the property into REAP.

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- C. The Hearing Officer may continue the General Manager's 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 the Department's Decision 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 the Department's Decision to place the property into REAP upon making written findings setting forth specifically either:
 - 1. The Department's action to place the building/unit into REAP was in error or constituted an abuse of discretion, or
 - 2. There is new, relevant information that was not provided to the Enforcement Agency at the time of the Department's Decision 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 the Department's Decision to place the property into REAP
- F. If the Hearing Officer determines that the Property Owner/Landlord complied with the Order before the date of General Manager's Hearing, the Hearing Officer shall reverse the Department's Decision to place the property into REAP
- G. If the Hearing Officer affirms the Department's Decision to place the property into REAP, the rent reduction shall be effective the date of the Hearing Officer Decision. The Hearing Officer's Decision shall be the final administrative decision unless appealed to the Appeals Board pursuant to Regulation 1200.10 et seq.
- H. The Hearing Officer may order a further rent reduction or may include additional units that were not a part of the Department's original Decision to accept the property into REAP, or do both, if:
 - 1. At the General Manager's Hearing, Tenants or the Enforcement Agency present proof that the violations specified in the Order, at the time the Order was issued, affected additional units that had not been inspected, or
 - 2. There are additional outstanding Orders affecting the building that were not included in the Department's original Decision to accept the property into REAP, or
 - 3. 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's Decision shall state the findings which justify ordering a further rent reduction or including additional units.
- I. Prior to making a determination pursuant to Regulation 1200.09.H to include additional units into REAP that were not included in the Department's original Decision, the Hearing Officer, upon the Property Owner/Landlord's request, shall continue the portion of the General Manager's Hearing that regards the additional units in order to provide Property Owner/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 the Department's original Decision prior to the date of the continued General Manager's Hearing or may wait and issue a decision addressing all of the units. The effective date of rent reductions as to units included in the original Decision of the Department is identified in Regulation 1200.06.C. If the General Manager's Hearing is

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continued, the effective date of rent reductions as to additional units not included in the original Decision of the Department, will be the date of the Hearing Officer's Decision issued after the final General Manager's Hearing.

- J. 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 extending the rent reduction to additional units.
- K. Prior to making a determination to impose rent reductions on additional units that were not included in the Department's original Decision, the Hearing Officer, upon the Property Owner/Landlord's request, shall continue that portion of the General Manager's Hearing that regards the rent reduction for the additional units in order to provide the Property Owner/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 the Department's original Decision prior to the date of the continued General Manager's Hearing or may wait and issue a decision addressing all of the units.
- L. Under extraordinary circumstances, the Hearing Officer 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 extraordinary circumstances. If the Hearing Officer grants such relief, the Hearing Officer's Decision shall set forth the specific circumstances which serve as the basis for the action.
- M. If the Hearing Officer's Decision is to affirm the placement of the property into REAP, the Property Owner/Landlord shall attend a REAP workshop provided by the Department within six months of the issuance of the Hearing Officer's Decision. There shall be no fee assessed to attend this workshop.

1200.10 APPEAL OF THE HEARING OFFICER'S DECISION TO THE RAC APPEALS

A. APPEALS

- 1. The Property Owner/Landlord, any Tenant, or the Enforcement Agency may appeal the Hearing Officer's Decision to the Appeals Board within fifteen (15) calendar days after service of the written decision. The appellant must file the appeal in writing, on a form provided by the Department 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.C, the Department 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.

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3. If the appellant files a timely appeal, enforcement of the portions of the Hearing Officer's Decision being appealed regarding REAP shall be stayed pending the outcome of the appeal. Referrals to the City Attorney and any 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 corresponding rent reductions.
4. If no party files a timely appeal of the Hearing Officer'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 an Appeals Board 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 Appeals Board Hearing (for purposes of this Regulation referred to as the "Notice") shall be in writing and shall be served on (a) the Property Owner/Landlord by certified mail, postage prepaid, or in person, at least ten (10) calendar days prior to the date of the scheduled Appeals Board Hearing, and (b) 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 shall provide that the Hearing Officer's Decision has been appealed to the Appeals Board.
4. The Notice 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 Appeals Board Hearing. Parties are encouraged to submit additional documents one or more days in advance of the hearing.

C. APPEALS BOARD HEARING

1. The Appeals Board shall review the Hearing Officer'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 Appeals Board Hearing to a later date

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D. APPEALS BOARD DECISION

1. The Appeals Board will render its written decision within fifteen (15) calendar days of the conclusion of the Appeals Board Hearing.
2. The Appeals Board may modify or reverse the Hearing Officer's Decision upon making written findings that set forth how the Hearing Officer's Decision was in error or constituted an abuse of discretion. The Appeals Board shall make specific findings which support the modification or reversal of the Hearing Officer's Decision.
3. The Appeals Board shall send its Appeals Board Decision to: (a) the Property Owner/Landlord by certified mail, postage prepaid, or in person, and a copy of the decision shall be served (b) 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 on each affected unit, within fifteen (15) calendar days 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 Decision constitutes the final administrative decision in the matter.
5. If the Appeals Board affirms the Hearing Officer's Decision to place the property into REAP, the rent reduction shall be applied retroactively to the date of the Hearing Officer's Decision pursuant to Regulation 1200.06.C.
6. If the Hearing Officer's Decision imposed additional rent reductions not included in the Department's original Decision, 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 the rent reduction retroactively to the date of the Hearing Officer's Decision pursuant to Regulation 1200.06.C.

1200.11 RECORDING THE REAP ACCEPTANCE

- A. After the final administrative decision in the matter, the Department 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 Property Owner/Landlord of the building has been notified in writing.
- B. The Department may deduct from the REAP escrow account any fees associated with the filing and recording of the document(s) placing the building in REAP.

1200.12 REAP ESCROW ACCOUNT

A. ESTABLISHMENT OF THE ESCROW ACCOUNT

1. Within five (5) business days after the final administrative decision to place a building/unit into REAP, the Department 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. The Department shall notify all affected 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 Property Owner/Landlord, the date when the Department will begin to accept payments into the escrow account, 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.

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4. The Department 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 after the administrative decision becomes final.
6. The Department shall receive rent payments in person at its offices, by mail, or an online payment portal, if available. Rental payments may be in the form of a personal check, electronic check, cashier's check, certified check, credit/debit card, or money order, depending on availability. The Department may charge a convenience fee for some types of payments.
7. City employees and its contractors are not authorized to accept rental payments at the property site.
8. The Department shall provide the Property Owner/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, the Department shall send a copy of the accounting of all rents paid into the account, and any applicable deductions, to the Property Owner/Landlord of record at the time of termination.
12. The Department 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.
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 162.08.D.

B. WITHDRAWALS FROM THE ESCROW ACCOUNT

1. The Department 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 Property Owner/Landlord, Tenant, Enforcement Agency and/or any creditor may apply to the Department, which shall schedule a General Manager's Hearing 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;

RENT ESCROW ACCOUNT PROGRAM (REAP)

RAC Regulations • Section 1200.00 • Amended: 12-02-2010, 01-16-2013, 11-21-2014, 03-27-2015, 02-15-2017, 10-28-2019, 03-07-2024

Rent Adjustment Commission Regulations & Guidelines

- 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), the Department shall withhold fifty percent (50%) of the funds approved until verification that the work has been completed in a satisfactory manner. The withheld funds shall be released and available for other withdrawals if no verification is obtained within one year of the date of the Hearing Officer's decision approving the withdrawal;
- 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) the Department shall withhold fifty percent (50%) of the funds approved until verification that the work has been completed in a satisfactory manner. The withheld funds shall be released and available for other withdrawals if no verification is obtained within one year of the date of the Hearing Officer's decision approving the withdrawal;
 - 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 Hearing Officer 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;

RENT ESCROW ACCOUNT PROGRAM (REAP)

RAC Regulations • Section 1200.00 • Amended: 12-02-2010, 01-16-2013,
11-21-2014, 03-27-2015, 02-15-2017, 10-28-2019, 03-07-2024

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- II. The Hearing Officer shall not approve release of escrow funds for relocation if, at the time of application, the Enforcement Agency has verified the Property Owner/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. The Department shall have authority to immediately release escrow funds to affected Tenants as relocation assistance;
 - IV. The Hearing Officer shall calculate the amount of the relocation payment 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 Hearing Officer 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. The Department 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. At least fifteen (15) calendar days prior to the date of the General Manager's Hearing, the Department shall provide written notice of the hearing to the Property Owner/Landlord, affected Tenant(s), the Enforcement Agency, and any applicable creditors. The Notice of General Manager's Hearing (for purposes of this Regulation, the "Notice") shall include a statement specifying the nature of the request(s) to be considered and the date, time and location of the General Manager's Hearing. The Notice also shall be sent to: (a) affected Tenants by: (1) first class mail, postage prepaid, and posting a copy in a conspicuous place on the property, (2) by posting a copy on the property and posting in a conspicuous place on each affected unit, or (3) personal service. If necessary, notice shall be served on the applicable Enforcement Agency by first class mail, postage prepaid.

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5. The Hearing Officer shall order the release of funds from the escrow account where it has been demonstrated to the satisfaction of the Hearing Officer that the conditions set forth in Regulation 1200.12.B.2 have been met.
6. The General Manager also may release funds from the escrow account without a General Manager's 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. If the Hearing Officer receives more than one request for release of escrow funds before its initial General Manager's Hearing, the Hearing Officer shall give priority to requests for funds to make repairs, and/or to preserve essential services over other requests.
8. The Hearing Officer shall deny an application for release of funds if the Hearing Officer 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.
9. The Hearing Officer shall have the right to request any and all information deemed necessary to reach a decision concerning an application for release of escrow funds.
10. The Hearing Officer shall issue a written decision within ten (10) working days following the General Manager's Hearing. The Hearing Officer's Decision shall be sent to: (a) the Property Owner/Landlord by certified mail, postage prepaid and (b) to affected Tenants via either: (1) first class mail, postage prepaid, and posting a copy in a conspicuous place on the property or (2) by posting a copy on the property and posting in a conspicuous place on each affected unit.
11. Any aggrieved party may appeal the Hearing Officer's Decision to the Appeals Board, pursuant to Regulation 1200.10.

C. MONTHLY ADMINISTRATIVE FEES

1. The Property Owner/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, the Department 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. The assessment of the administrative fee shall begin on the date of the Hearing Officer's Decision affirming the acceptance into REAP.
4. If a subject unit is vacant in a particular month, the Property Owner/Landlord shall not owe the administrative fee for the unit for the given month only if the Property Owner/Landlord files an exemption, on a form prescribed by the Department, attesting to the unit's vacancy within thirty (30) days of the Department's initial notification of the administrative fees due for the subject unit for the given month.
5. The Department may impose a late fine on delinquent fees equal to one hundred percent (100%) of the amount due if the Department notifies the Property Owner/Landlord in accordance with LAMC Section 162.12.E.
6. The Department may also charge interest where a Property Owner/Landlord fails to pay the administrative fee, or any late fine, if the Department notifies the Property

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Owner/Landlord 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.

1200.13 TERMINATION OF REAP

- A. The Property Owner/Landlord, the affected Tenant, or the Enforcement Agency may notify the Department that the Property Owner/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, the Department shall verify compliance with the Enforcement Agency.
- B. The Department may also review an application from a Property Owner/Landlord to terminate the rent reduction for certain units, notwithstanding the continuation of violations affecting other units, only if the Department determines that the violations affecting the subject units have been corrected in accordance with Subsection A of this Section and determines that only minor violations remain in the other units. For the purposes of determining that only minor violations remain, the Department shall consider the number of violations that remain, the estimated time required to correct those violations, and the severity level of the remaining violations.
- C. The Department may recommend termination of the escrow account if it determines that the Property Owner/Landlord has complied with all outstanding Orders and the Property Owner/Landlord has paid all outstanding and non-appealable electric service and/or water charges for the subject property to the satisfaction of LADWP.
- D. If the Department is precluded from recommending termination of the escrow account only due to outstanding utility charges owed to LADWP, the Department 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 Property Owner/Landlord.
- E. If the City Council terminates the REAP escrow account, any funds thereafter remaining in the escrow account shall be paid in the following order:
- F. Any remaining funds in the escrow account, and any interest accrued therein pursuant to Regulation 1200.12.A.13, shall be returned to the owner who owned the property at the time City Council authorized the termination of the escrow account. The Department shall refund any remaining escrow account balance to the property owner recorded with the Los Angeles County Recorder's Office.
- G. As a condition of terminating the escrow account, the City Council may order two expedited systematic inspections pursuant to LAMC Section 162.08.D.4 and impose inspection fees and administrative costs and interest pursuant to LAMC Sections 161.901.1 through 161.903.1. The Department may waive these annual inspection fees if a property has been demolished. 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.

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1200.14 NOTIFICATION PROCEDURES FOLLOWING A UNIT/BUILDING'S REMOVAL FROM REAP

- A. The Department shall notify the Property Owner/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. The Department 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 Property Owner/Landlord and not to the escrow account. The date of rent restoration shall be thirty (30) days from the date the Department notifies any affected Tenant.
- C. The Department shall notify the current Property Owner/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, the Department 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.

1200.14 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 Property Owner/Landlord, for purposes of determining whether a Tenant has paid rent in accordance with LAMC Section 151.09.A.1 and/or state law. 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 Property Owner/Landlord
2. If a unit is in REAP, the Property Owner/Landlord shall request verification in writing from the Department as to whether the subject Tenant has paid rent to the escrow account prior to initiating an unlawful detainer action. The Department shall respond within three (3) business days to such verification requests. The Property Owner/Landlord shall not initiate any action to evict the Tenant on the basis of nonpayment, pursuant to LAMC Section 151.09.A.1, if the Department 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 Property Owner/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 Property Owner/Landlord's 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 Property Owner/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 Property Owner/Landlord must demonstrate that in an eviction action, other than for nonpayment of rent, that the eviction is not retaliatory in nature.

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6. In any eviction action by a Property Owner/Landlord, the Tenant may raise as a defense any grounds set forth in Section 1200.15 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 Property Owner/Landlord or any subsequent Property Owner/Landlord shall not increase the rent for the current or any subsequent Tenant except as provided by the Costa Hawkins Rental Housing Act, Civil Code Section 1954.50 et seq. and/or applicable state law. If the unit is subject to the RSO, no rent increase shall be permitted, pursuant to LAMC Section 151.07, for reimbursement of costs 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 Property Owner/Landlord who violates the provisions of the REAP Ordinance, LAMC Chapter XVI, Article 2, or retaliates against a Tenant or an Enforcement Agency for the exercise of rights and/or duties 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.

1200.15 CONFLICTS

In case of any inconsistency between these regulations and any applicable ordinance, the ordinance shall prevail.

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 LAHD recommends that you verify information in the event that new changes are not yet reflected in this publication. The LAHD 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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