

SEISMIC REHABILITATION WORK REGULATIONS

Rent Adjustment Commission (RAC) Regulations • Section
270.00 • Effective April 10, 1990

Rent Adjustment Commission Regulations & Guidelines

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CITY OF LOS ANGELES

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270.00 SEISMIC REHABILITATION WORK REGULATIONS

271.01 DEFINITIONS:

- a. Seismic work is defined in the Ordinance as “Work required for seismic repair, reinforcement, and rehabilitation which is shown on the plans approved by the Department of Building and Safety, as described in Section 91.8805 of this Code, and limited to the following:
 1. tension wall anchors;
 2. diaphragm strengthening or connections;
 3. bracing of existing walls;
 4. strengthening existing shear walls;
 5. adding new lateral load resisting elements;
 6. structural elements that provide a continuous stress path;
 7. new footings;
 8. removal, stabilization, or bracing of parapets or appendages;
 9. structural repair work;
 10. other work necessary to restore the rental unit to a completed and habitable condition.”
- b. The word “City” used in these regulations shall refer to the City of Los Angeles.
- c. The word “Department” used in these regulations shall refer to that City Department designated in Section 151.02 of the Los Angeles Municipal Code.
- d. The words “hearing officers” used in these regulations shall refer to those hearing officers designated in Section 151.07 of the Los Angeles Municipal Code.
- e. The word “Commission” used in these regulations shall refer to the Rent Adjustment Commission designated in Section 151.02, 151.07, and 151.08 of the Los Angeles Municipal Code.
- f. The Maximum Adjusted Rent as defined in the Ordinance is: “The maximum rent plus any rent increases subsequently made or granted pursuant to Sections 151.06, 151.07, or 151.08 of this Chapter and less any rent reductions required by regulations

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promulgated by the Commission pursuant to Section 151.08 of this Chapter or imposed pursuant to Section 151.06.5 of this Chapter; provided, however, as used in Section 151.06 of this Chapter, this term shall not include (1) any increase for capital improvement work or rehabilitation work, if such rent increase was approved by the Department on or after January 1, 1981 and such work was begun prior to June 1, 1982, or (2) any increase for capital improvement work where the application for a rent increase is filed with the Department on or after October 1, 1989, or, (3) any increase for smoke detectors installed on or after January 1, 1981.” (LAMC 151.02)

- g. The Maximum Rent as defined in the Ordinance is: “The highest legal monthly rate of rent which was in effect for the rental unit during any portion of the month of April 1979. If a rental unit was not rented during said month, then it shall be the highest legal monthly rate in effect between October 1, 1978 and March 31, 1979. If a rental unit was not rented during this period, then it shall be rent legally in effect at the time the rental unit was or is first rented after the effective date of this Chapter.” (LAMC 151.02)
- h. A rent increase as defined in the Ordinance is: “An increase in rent or any reduction in housing services where there is not a corresponding reduction in the amount of rent received. The Rent Adjustment Commission shall promulgate regulations as to what constitutes such ‘corresponding reduction’.” (LAMC 151.02)
- i. The phrase “temporary rent increase” as used in these regulations is an increase permitted by the Ordinance which must be terminated when certain conditions are met; for example, smoke detectors when the full cost of purchase and installation has been recovered.
- j. The phrase “permanent rent increase” as used in these regulations is an increase permitted by the Ordinance which continues indefinitely.
- k. The phrase “work begun” as used in these regulations refers to that date on which the first physical work is done in a unit or common area for which a rent increase application is made. A landlord may be required to furnish proof of the date work was begun on each and every improvement listed in a landlord=s seismic rehabilitation work application.
- l. The words “approved by the Department” and any other equivalent phrase used in these regulations shall refer to notification by the Department by letter, form, or other document that a landlord=s application for a seismic rehabilitation work rent increase has been approved. The effective date of approval shall be that date typed, stamped, or written on the approval notice. If an approval notice carries no date, the effective date shall be the date postmarked on the envelope in which the approval notice was mailed. In the absence of a date on either the notice and/or the

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envelope in which the notice was mailed, the approval date shall be the date indicated in the records of the Department showing that an application was approved.

- m. The phrase “completion of work” as used in LAMC 151.08 A2 and in these regulations, or other equivalent words in the Ordinance or these regulations, shall refer to the last date on which any physical work took place. For improvements which require a permit from the Building and Safety Department, the date of completion certified by the Building and Safety inspector shall serve as an acceptable date for determining the completion of work. The burden of proof shall be on the landlord to establish the date of the completion of work.(LAMC 151.07 A2b)
- n. The term “Documented time cards” shall refer to the records of an employee which list the date worked, hours worked, the job performed, and the rate of pay. All documented time cards must be signed by the employee.
- o. All other words and phrases not defined herein shall be construed as defined in Sections 12.03 and 151.00 et seq. of the Los Angeles Municipal Code.

271.02 No approval can be given prior to completion of work. This includes restoring each unit to a complete and habitable condition.

271.03 The eligibility of any particular improvement included in the landlord=s application for a rent increase based on seismic work will be determined by the Department. (LAMC 151.07 A1)

271.04 If seismic work has already been the basis of a rent increase under the City=s Rent Moratorium Ordinance or it is has been subject to an automatic increase (e.g., smoke detectors), it may not be the basis for an additional rent increase under the Rent Stabilization provisions. (LAMC 151.07 A1b)

271.05 Labor costs must be calculated on the basis of actual costs of contractors or hired laborers. Cancelled checks, receipts, social security payments, and W-2 forms are among the types of evidence that will be required to substantiate labor costs.

271.06 a. If labor for work which requires a permit under the LAMC is provided by the landlord, the landlord=s family member, or landlord=s agent or employee, such labor costs are not allowable unless the person contracting to perform the work is a state licensed contractor for the type of work performed. Proof of state licensing must be included in the application. In addition, the landlord must submit a minimum of two estimates or bids by non-related licensed contractors specifying both material and labor costs. Labor costs on these bids must be identified by the type of labor performed, the number

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of hours to perform the work, and the rate paid for the work.

Documented time cards must be submitted for all work performed by the landlord, family member, agent, or employee.

- b. If labor for work does not require a permit under the LAMC, nor the services of a state licensed contractor, is provided by the landlord, the landlord's family member, agent or employee, such labor cost are allowable if documented time cards are submitted for all work performed by the landlord, family member, agent or employee. Documented time cards must specify the number of hours spent on each task and identify the specific building on which the work was performed. In addition, for work costing over \$200.00, the landlord must submit a minimum of two estimates or bids by non-related contractors specifying both material and labor costs.

- 271.07 Actual interest and finance costs for money borrowed to pay for seismic work is eligible as a cost to be included in calculating the rent increase. The interest expense can only be for the minimum period of time necessary to completely amortize the loan within the monthly increase provisions contained in RAC 272.01. In addition, the interest rate and other finance costs included must be consistent with prevailing rates and costs for similar type loans at the time the loan is made.
- 271.08 Where a landlord is eligible for compensation for any portion of the money spent on seismic rehabilitation including, without limitation, insurance, court-awarded damages, federal or state subsidies, cash rebates, and federal or state tax credits (other than tax deductions and depreciation), this compensation must be deducted from the cost for the work before amortizing the costs among the units. (LAMC 151.02B)
- 271.09 In the event that the compensation described in RAC regulation 271.08 above is received after the landlord receives approval for a rent increase, and such compensation was not deducted at the time of the approval, the landlord must prorate and refund such compensation among the tenants for that portion of the rent increase covered by this compensation. (LAMC 151.02 B)
- 271.10 The Ordinance does not require the landlord to obtain approval by the tenants before performing seismic work.
- 271.11 Any portion of the seismic work paid for with public funds is not an eligible cost unless the landlord is obligated to repay the public funds within one year of the completion of the work.

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- 272.00 COMPUTING THE SEISMIC REHABILITATION WORK RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT
- 272.01 The landlord is entitled to a monthly increase of 1/60th of the average per unit cost of seismic work not to exceed \$75 per month. The monthly increase shall continue until the landlord has recovered all eligible costs of the seismic work.
- 272.02 Units which are exempt from rent stabilization (because they are luxury units, they are occupied by the owner or by members of the owner's immediate family, etc.), must be included in determining the proportionate cost to be distributed to the units. For example, if 8 units in a 10-unit building are registered and subject to the Ordinance, any seismic rehabilitation rent increase for the roof would have to be divided by 10, not 8, in determining the average rent increase. (LAMC 151.07 A)
- 272.03 If a rental unit has become decontrolled and re-rented at an open-market rate after the completion of the seismic work listed in the landlord's application, no rent increase will be allowed on that unit. (LAMC 151.05 C, 151.06 C1, 151.09 A)
- 272.04 Where a lease exists which establishes the rent for a period of time, no rent increase based on seismic work can be given to such a tenant until the lease expires unless the lease provides otherwise. However, such a unit must be included in calculating the proportionate cost as in the case of other exempt units. That portion of the seismic work cost attributable to units where the rent cannot be raised may not be allocated to other tenants. (LAMC 151.02 A)
- 272.05 In completing the application, the landlord must indicate the date each improvement was begun and the date each improvement was completed.
- 273.00 PROCEDURES TO BE FOLLOWED BY LANDLORDS IN APPLYING TO THE DEPARTMENT FOR A SEISMIC REHABILITATION WORK RENT INCREASE
- 273.01 Before a landlord may submit an application for a seismic rehabilitation work rent increase, all work which will be the basis of the application must have been completed, including work necessary to restore the unit(s) to a habitable condition. (LAMC 151.07 A1b)
- 273.02 An application must be made to the Department within 12 months of the completion of the work. (LAMC 151.07 A2c)
- 273.03 The landlord may obtain written permission by completing an application on a form approved by the Department and mailing it to the City at the address listed on the applica-

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tion. (LAMC 151.07 A2a)

- 273.04 An application for seismic rehabilitation work rent adjustment shall be accompanied by a \$25.00 filing fee. The landlord shall not recover this filing fee from the tenant. The requirement to pay this fee shall not apply to the first application for the housing complex made by a landlord within a calendar year. (LAMC 151.07 A2a)
- 273.05 In no event will authorization for a rent increase be given until the landlord has registered the units as required by law. The landlord must attach to the application a photocopy of the landlord=s Registration Certificate issued by the City or a photocopy of the cancelled check or a receipt from the City showing that the registration fee required by LAMC Section 151.05 A has been paid.
- 273.06 Photocopies of all pertinent information possessed by the landlord, including the order by the Department of Building and Safety requiring the seismic work, must be attached to the landlord=s application. In addition, the landlord must attach photocopies of all invoices, bids, building permits, financial inspection records, financial documents, cancelled checks and any other relevant papers. These might include, but are not limited to, for example, estimates of costs by various contractors contacted by the landlord, bids by competing contractors, and cost comparisons submitted by various vendors on equipment and supplies used in the work. Bids, estimates, and invoices must be broken down to show each item of work to be done, and where appropriate, to each rental unit, as well as for the common areas. Composite bids, etc., which fail to detail the specific work requested in the application will not be accepted. Materials attached to the application will not be accepted. Materials attached to the application will not be returned to the landlord. Where a photocopy is submitted, the landlord must, upon request by the Department, show to the Department or a hearing officer the original document from which the photocopy was made. The landlord may submit photographs, if such exist, of the property and the seismic rehabilitation work that would assist the Department in expediting the landlord=s application.
- 273.07 The landlord may not collect any rent increase based on seismic rehabilitation work until such time as the Department approves the landlord=s application. (LAMC 151.07)
- 273.08 Seismic rehabilitation work which requires a permit from the Department of Building and Safety, the landlord must submit a photocopy of the necessary permit(s) and final inspection record card with the rent increase application.
- 274.00 PROCEDURES THAT WILL BE USED BY THE DEPARTMENT IN PROCESSING SEISMIC REHABILITATION WORK APPLICATIONS
- 274.01 The Department staff officer handling the application will review the documents submit-

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ted by the landlord to determine if the landlord=s request for a rent increase meets all the requirements of the Ordinance and the Commission=s regulations.

- 274.02 In the event that a landlord=s application lacks the required documents, or there are major errors in the mathematical computations showing the individual rent increases, or there is clear evidence that the increase requested by the landlord is not eligible under the Ordinance, or an improvement was completed more than 12 months before the application is submitted, the application will be returned to the landlord with an explanation as to why the application cannot be accepted. (LAMC 151.14A)
- 274.03 If a landlord=s application is returned by the Department because of an error or missing documents, the landlord may re-submit the application after correcting or obtaining the necessary documents. (LAMC 151.14 A) For purpose of meeting the time limit stated in RAC regulation 273.02, the Department will use the date on which the initial application was submitted, provided that a revised application is submitted in 60 days.
- 274.04 Unless suspended as specified below, a decision will be made allowing or disallowing the landlord=s request within 45 days from date of receipt of the landlord=s application by the Department. (LAMC 151.07 A2c)
- 274.05 Where the Department initially accepts the application but later finds mathematical errors or incomplete documentation, the application may be suspended for a 30-day period (or longer with the landlord=s consent) commencing upon the date of mailing the notification tot he landlord of the documentation and/or the information needed.
- 274.06 The suspended time is not part of the Department=s 45-day review period. If at the end of the suspension period the requested information has not been supplied, a determination shall be made on the basis of the documentation and information already supplied.
- 274.07 The Department will notify each tenant listed in the landlord=s application that the landlord has requested approval to add a rent increase based on seismic rehabilitation work. This notification will include a work description of the seismic work, the cost, and the proposed rent increase. (LAMC 151.07 A2b)
- 274.08 The tenants will be notified by the Department that they have 10 days from the date of mailing of such notification to object to the rent increase requested by the landlord. (LAMC 151.07 A2b) These objections cannot be made on frivolous grounds or on the basis that the tenants do not want the seismic rehabilitation work. Examples of legitimate objections are: the landlord is attempting to add a rent increase on a unit where the rent cannot be legally raised (see RAC regulations 272.03 and 272.04 above), or the tenant has grounds to believe that the seismic rehabilitation work claimed by the landlord was not actually completed (LAMC 151.07 A2b), or that the 12-month time period for completion

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of the seismic rehabilitation work has expired and the landlord is no longer eligible to apply for an increase in the rent. (LAMC 151.07 A2c)

- 274.09 The information provided by the landlord, statements by tenants, and information received from any of the above sources will be used by the Department in determining whether or not to approve the landlord=s application. (LAMC 151.07 A2a)
- 274.10 The documents submitted by the landlord will be examined for accuracy and conformity with industry norms for the type of work involved or for the prices of equipment purchased by the landlord. If such prices are significantly higher than market prices and industry standards, the staff member has the authority to disapprove the requested rent increase.
- 274.11 Written tenant responses which have a bearing on the Department=s decision, will become part of the public record. All other responses will be sealed and will not be available to other parties.
- 274.12 The Department staff member handling the application may contact the landlord, the tenants, or any of the contractors or vendors shown on the documents submitted by the landlord.
- 274.13 The decision will be to approve, disapprove, or modify the landlord=s request, consistent with the following:
- a. The Department CANNOT approve a rent increase GREATER than the amount the landlord requested;
 - b. The Department CAN approve a rent increase that is LOWER than the amount the landlord requested due to conditions such as minor mathematical errors in the application, only some of the work being eligible as seismic rehabilitation work, a difference apportioning the cost among the affected apartments;
 - c. A rent increase on a unit may be modified or denied if the Department determines that the rent on that unit has been illegally increased to reflect the cost of the seismic rehabilitation work for which the rent increase application is submitted. (LAMC 151.07 A1b)
- 274.14 The landlord and the tenants will be notified by mail immediately after the determination is made. (LAMC 151.07 A2c)
- 274.15 Upon approval by the Department, the seismic rehabilitation work rent increase can go into effect after compliance with statutory notice requirements regardless of the filing of a request for a hearing. (LAMC 151.07 A3b)

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- 275.00 NOTICE AND RECORD KEEPING REQUIREMENTS
- 275.01 After receipt of the Department's approval of a seismic rehabilitation work rent increase, the landlord must give each tenant a notice stating the following information before a rent increase can be effective:
- a. The amount of the monthly rent increase;
 - b. The effective date of the commencement of the rent increase;
 - c. The duration of the rent increase, the date when the rent increase must terminate;
 - d. That the amount of higher rent now demanded is part of the maximum adjusted rent (and thus subject to the annual automatic increase).
- 275.02 A copy of this notice must be retained by the landlord as a permanent part of the rental record of the unit. (LAMC 151.05c)
- 276.00 PROCEDURES TO BE FOLLOWED BY THE LANDLORDS OR TENANTS WHO OBJECT TO THE DEPARTMENTAL DETERMINATION OF A SEISMIC REHABILITATION WORK APPLICATION
- 276.01 Either the landlord or tenant, possibly both, may object to the decision of the Department by filing a "Request for Hearing" form. They have a right to request a public hearing by a hearing officer if they believe that a) the Department committed an error by failing to apply the regulations properly, b) the Department's determination was an abuse of discretion because it was arbitrary or capricious, or, c) there is new evidence to be presented to the hearing officer which would warrant a decision different from that made by the Department. (LAMC 151.07 A3b)
- 276.02 If a completed "Request for Hearing" form along with the filing fee or the "Fee Exemption" form is received by the Department within 15 days after the date of mailing of the original determination, a hearing will be set by the Department. (LAMC 151.07 A3a)
- 276.03 The "Request for Hearing" form must state the reason or reasons why the hearing is being requested.
- 276.04 There is a \$35 fee for filing a "Request for Hearing" form. The completed application form and a check or money order payable to "The City of Los Angeles" may be mailed to the address listed on the application. Cash should not be mailed. Low income tenants and landlords can apply for an exemption from the \$35 filing fee by filing a completed "Fee Exemption" form which can be obtained from the department. (LAMC 151.14c)

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- 277.00 PROCEDURES FOR THE HEARING
- 277.01 The hearing will be set for a date no later than 30 days after the application for the hearing is received. (LAMC 151.07 A3c)
- 277.02 At least ten days before the hearing, the landlord and the tenants will be notified of the time and place of the hearing. (LAMC 151.07 A3c)
- 277.03 The hearing will be conducted by a hearing officer designated by the Department. Both landlords and tenants may submit documents, testimony, written declarations or other evidence, all of which shall be submitted under oath. If at the hearing the landlord presents documents or information not previously given to the staff for their review or fails to present requested information, the hearing may be continued up to 30 days to provide staff sufficient time to examine the documents and/or information or for the documents to be provided. Any continuation must be within the limits imposed for final action on the appeal unless a waiver of time limits is given by the appellant. The hearing officer should give such material or information consideration in accordance with the circumstance afforded for its verification and/or examination and comments by affected parties. (LAMC 151.07 A3d)
- 277.04 The hearing officer shall, within 45 days after termination of the time for requesting a hearing, make a determination upholding, reversing, or modifying the determination of the Department. The landlord and tenants shall be notified by mail of the findings and determination of the hearing officer. (LAMC 151.07 A3e, f)
- 277.05 If the hearing officer's determination is to reverse or modify the original Department determination, the hearing officer shall specifically set forth the reason for such reversal or modification. For example, if evidence is presented that the invoices submitted by the landlord exceed normal industry costs, the hearing officer may disallow or reduce costs which the landlord has claimed, or conversely, the hearing officer may reinstate costs the Department originally disallowed in the initial determination. The maximum rent increase the hearing officer can approve cannot exceed the original amount requested by the landlord. (LAMC 151.07 A3e)
- 277.06 A rent increase on a unit may be revised or denied if the hearing officer determines that the rent on that unit has been illegally increased to reflect the cost of the seismic rehabilitation work for which the rent increase application is submitted.
- 278.00 PROCEDURES AFTER APPROVAL OR DISAPPROVAL OF A SEISMIC REHABILITATION WORK APPLICATION HEARING

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- 278.01 Upon approval by the hearing officer, the rent increase can go into effect after compliance with statutory notice requirements.
- 278.02 If the hearing officer reverses or modifies the original determination, the following conditions prevail:
- a. If the rent increase was disallowed by the Department and is now authorized, the rent increase may go into effect after compliance with statutory notice requirements.
 - b. If a rent increase has been authorized by the Department and this increase is disallowed by the hearing officer, the landlord shall cease collecting the rent increase and must refund to the tenants any previously collected increases, or credit this amount against the tenants' next rent payment.
 - c. If a rent increase has been authorized by the Department and the increase is reduced by the hearing officer, the landlord shall cease collecting any sums in excess of the amount allowed by the hearing officer and must refund all excess rent increases collected, if any, or credit the amount against the tenants' next rent payment. (LAMC 151.07 A3b)
- 278.03 There is no administrative appeal from the decision of the hearing officer in the case of a seismic rehabilitation work rent increase application, except as provided by LAMC 151.14D.

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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