

MOTION

The Rent Escrow Account Program (REAP) stands as a critical cornerstone in the city of Los Angeles' ongoing efforts to ensure safe and habitable living conditions for its residents, particularly in the midst of a housing affordability crisis. REAP is a city-administered program that seeks to hold property owners accountable for non-compliance with the City's Habitability Code and Environmental Health Code, which regulates the safety and habitability of buildings throughout Los Angeles. In a city where housing affordability and housing quality are pressing concerns, REAP plays a pivotal role in safeguarding the well-being of tenants. It serves as a mechanism to address housing code violations and incentivize property owners to maintain their units to the highest standards, reflecting the City's commitment to fostering a safe and livable environment for all residents.

REAP impacts tenants, landlords, the Los Angeles Housing Department (LAHD), and various community organizations. Tenants are directly affected, as they reside in buildings subject to REAP due to housing code violations. For these tenants, the program can offer potential relief in terms of ensuring that their living conditions meet habitability standards. For landlords, REAP offers a framework for addressing housing code compliance, which may involve temporary reductions in monthly rental income, necessary improvements, and administrative fees. Despite the expectations that the REAP program will keep properties up to health and safety code, it has not consistently delivered the desired outcomes. As of August 2023, Los Angeles had more than 600 buildings enrolled in REAP, with 141 buildings being part of the program for more than five years and 84 buildings in REAP for more than 10 years, and the longest standing entered REAP in 2001. These figures underscore the limitations of the program: its inability to effectively bring homes into compliance in a timely way.

REAP encounters several significant challenges. Among them include that tenants often find it excessively complicated to access funds from the escrow account for their own repairs, primarily due to a convoluted process. REAP allows tenants to reside in uninhabitable units while still requiring them to pay a portion of their rent. Subpar improvements or "mickey mouse repairs" are allowed, common, and fail to ensure long-term habitability. In the face of properties being in REAP, some landlords resort to harassing tenants, exacerbating the already challenging living conditions. The REAP program, also in its current state, falls short in its ability to guarantee that properties are habitable when they emerge from the program, often having other active violations that are overlooked due to bureaucratic processes. Lastly, despite cases in which buildings have active and numerous violations and repeated noncompliance they are not entering REAP. Additionally, landlords have found that moving their buildings through the REAP process has been cumbersome and communication with the Housing Department challenging.

Accordingly, and as called for in companion efforts such as CF 23-0738, it is imperative that we take action to address these issues. Our aim is to revitalize the REAP program to better serve its purpose. By doing so, we can ensure that all residents of Los Angeles have access to safe, habitable housing and alleviate the burdens imposed on tenants and landlords alike. It is not only a matter of code compliance but also a fundamental commitment to the well-being of our city's residents.

I THEREFORE MOVE that the City Council instruct the Los Angeles Housing Department, with the assistance of the Department of Building and Safety, the Office of the City Attorney, and any other relevant departments, report back in 60 days with recommendations to address various limitations of the Rent Escrow Account Program (REAP). The report should consult stakeholder organizations, including tenant advocacy groups and landlords, and consider findings produced in various reports compiled by such organizations. Specifically, the report should include an analysis and recommendations that consider the following:

- Reduce the amount of time that buildings stay in REAP by ensuring that buildings undergo proper repairs based on code complaint standards in a timely manner
- Ensure that buildings are in full compliance with habitability standards before being considered for REAP removal;
- Evaluate existing fine and fee schedules to motivate compliance and to reflect the cost of program administration;
- Assess the success of current outreach and education strategies to tenants and property owners;

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- Increase tenant utilization of the escrow account and expedite access to said funds in order to conduct approved and appraised repairs;
- Ensure application, education, and enforcement of tenant protections for REAP units with unresolved code violations, including eviction protections;
- Identify resources to provide small landlords with financial assistance to make repairs and actions to avoid sales to corporate entities;
- Establish clear protocols and remedies for common code violations, such as:
 - Requiring before-and-after photos,
 - Providing property owners with pre-approved options for specific repairs, and
 - Collecting proof and receipt of completed work
- Analyze potential program improvements such as increasing the frequency of comprehensive inspections for problem properties, inspecting neighboring units, disclosing updates to tenants, evaluating potential roadblocks and delays as presented in current appeal processes, improving payment options for tenants, and examine why buildings that have numerous unresolved violations and repeated non-compliance are not in the program;
- Coordinate and systemize efforts across local agencies involved in habitability and code enforcement; and
- Identify opportunities for property disposal to community land trusts with willing owners when feasible.
- Explore strategies to reduce the volume of cases pending General Manager hearings and expedite the timeline for acceptance into REAP

In addition, the report should address the staffing and resources needed to implement these strategies.

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