

RELOCATION ASSISTANCE

<u>Eviction for Demolition for New Construction Under</u> <u>the Resident Protections Ordinance</u>

A landlord terminating a tenancy to demolish for new construction is required to pay relocation assistance and to file a *Declaration of Intent to Evict* or *Notice of Intent to Withdraw Units From Rental Housing Use* with the Los Angeles Housing Department (LAHD) prior to evicting tenants from units covered by the Rent Stabilization Ordinance (RSO) or the Just Cause Ordinance (JCO).

Requirements for Landlords

To terminate tenancy for the purpose of demolition of a *Protected Unit*¹, a landlord must:

- 1. File with LAHD a *Declaration of Intent to Evict* for units regulated by the JCO per the Los Angeles Municipal Code (LAMC) Section 165.03.I(1) or file with LAHD a *Notice of Intent to Withdraw Units From Rental Housing Use* for units regulated by the RSO. Only RSO units are subject to the Ellis Act provisions (LAMC 151.22-151.28). All RSO units are Protected Units.
- 2. Serve tenants with a written notice to move out and file a copy of it with LAHD within 3 business days online at https://lahd.service-now.com/efs. For more information go to housing.lacity.gov/eviction-notices
- 3. Pay relocation assistance to tenants in compliance with the State law's Housing Crisis Act (California Government Code Section 66300 et seq.) or the City laws, whichever is higher. City laws require all tenants be paid relocation assistance in the amounts required by the RSO or JCO within 15 days of serving a notice to terminate tenancy, which must be enhanced for lower income tenants if the project is subject to the Resident Protections Ordinance (RPO), effective 2/11/2025 under Ordinances #188481 and #188482. The RSO and JCO amounts must also be enhanced for lower income tenants under the HCA regardless of the RPO applicability. Parties are encouraged to seek legal advice to understand the HCA State law if the RPO does not apply to them.

*The regular RSO or JCO relocation rules apply as described in the <u>A. Relocation Assistance</u> <u>Bulletin: No-Fault Evictions Under the RSO & JCO</u> if the units to be demolished are not Protected Units or are not occupied by a lower income tenant.

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¹ **Protected Units:** (1) Residential dwelling units that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the past five years. (2) Residential dwelling units that are or were subject to any form of rent or price control through a public entity's valid exercise of its police power within the past five years. This includes all RSO units. (3) Residential dwelling units that are or were rented by lower or very low income households within the past five years. (4) Residential dwelling units that were withdrawn from rent or lease in accordance the Ellis Act within the past 10 years.



Resident Protections Ordinance (RPO)

The Housing Crisis Act of 2019 (HCA) originally introduced replacement requirements and occupant protections through Senate Bill (SB) 330 and has since been updated by SB 8 and Assembly Bill (AB) 1218. On February 11, 2025, the Los Angeles City Council adopted the RPO which codified and expanded upon replacement requirements and occupant protections of the HCA, and enhanced requirements for Restricted Affordable Units. The RPO only applies to Protected Units that will be demolished for the purpose of new construction.

The RPO's occupant protections include: 1) Right to Relocation, 2) Right to Remain in the unit up to 6 months prior to start of construction activities, which includes a 6 month notice to move out, 3) Right to Return to the same unit if the demolition does not proceed, 4) Right of First Refusal to the new building for some tenants and 5) Tenant Notification Requirements. For more details, please go the Los Angeles City Planning Department's website https://planning.lacity.gov/ and review the Fact Sheet: Replacement Unit Requirements and Occupant Protections.

Relocation Options Under the RPO

Owners who demolish a Protected Unit for the purpose of new construction within 5 years after the filing of the Notice of Intent to Withdraw or Declaration of Intent to Evict with LAHD are required to comply with relocation requirements under the RPO. Failure to comply with the RPO may result in financial penalties starting at \$250,000 per displaced unit and withholding of LAHD permit clearances. Owners have <u>3 relocation options</u> to comply with the RPO relocation rules. The owner chooses one of the options. The owner must pay the highest of the applicable relocation amounts to comply with State and City laws.

Option 1: Standardized Payment

Under Option 1, the City's Relocation Consultant handles the entire relocation determination amount process and provides relocation services to tenants. Option 1 has predictable relocation consultant services fees for owners and predictable relocation payments to lower income households at the amounts in Chart B per RPO. The households that are above low income are paid relocation under Chart A. The City Relocation Consultant service fees charged to the owner for relocation services are paid upfront to LAHD by the owner (See the APPLICATION RELOCATION SERVICES FEES CHART on page 6).

CHART A: RSO or JCO Amounts for Households Above Low Income Effective July 1, 2024 through June 30, 2025 (Increases July 1 st)				
Household Type		Tenancy Length 3 Years or More		
Eligible Tenant	\$10,300	\$13,500		
Qualified Tenant	\$21,750	\$25,700		

^{*}Single Family Dwellings that are not lower income may be entitled to one month's equivalent of rent for relocation payment depending on various factors. See page 5.



CHART B: Resident Protections Ordinance Standardized Payments (Only for Low, Very Low and Extremely Low Income Households) Effective February 11, 2025 through June 30, 2025 (Increases July 1st)

	Extremely Low Income	•	Low Income	Above Low Income
Tenants Displaced by New Development	\$108,393	\$90,837		See Chart A (RSO or JCO amounts)

HUD Low Income Limits Effective April 1, 2024								
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Low								
Income	\$77,700	\$88,800	\$99,900	\$110,950	\$119,850	\$128,750	\$137,600	\$146,500
Very Low								
Income	\$48,550	\$55,450	\$62,400	\$69,350	\$74,900	\$80,450	\$86,000	\$91,550
Extremely Low								
Income	\$29,150	\$33,300	\$37,450	\$41,600	\$44,950	\$48,300	\$51,600	\$54,950

Option 2: Comparable Replacement Unit & RSO/JCO Relocation

For Option 2, the owner must provide a letter from the LAHD Housing Development Bureau approving the comparable replacement unit in compliance with State law at the time of filing with LAHD. If the owner does not have the approval letter, then they may choose Option 1 or 3 to proceed with the filing of the Notice of Intent to Withdraw or the Declaration of Intent to Evict. Additionally, the owner must comply with the RSO or JCO relocation requirements in Chart A. Option 2 has unpredictable relocation consultant services fees to find a comparable replacement unit, but the relocation payments are predictable and set to the amounts in Chart A. The City Relocation Consultant service fees charged to the owner for relocation services are paid upfront to LAHD (See the APPLICATION RELOCATION SERVICES FEES). For questions about Option 2, send an inquiry to the Housing Development Bureau using the Ask Housing App at https://housing.lacity.gov/ask-housing

CHART A: RSO or JCO Amounts Effective July 1, 2024 through June 30, 2025 (Increases July 1st)				
Household Type		3 or More Years or Low Income		
Eligible Tenant	\$10,300	\$13,500		
Qualified Tenant	\$21,750	\$25,700		

^{*}Single Family Dwellings that are not lower income may be entitled to one month's equivalent of rent for relocation payment depending on various factors. See page 5.



Option 3: Individualized Relocation

For Option 3, the owner must provide an approval letter from the LAHD Housing Development Bureau approving a relocation plan and the private relocation consultant in compliance with State law. If the owner does not have an approval letter, then they may choose Option 1 or 2 to proceed with the filing of the Notice of Intent to Withdraw or Declaration of Intent to Evict. The cost of hiring a private relocation consultant and the final relocation amounts for tenants are unknown until the end of the withdrawal process. Therefore, Option 3 has unpredictable relocation consultant services fees and unpredictable relocation payments for tenants. For questions about Option 3, send an inquiry to the Housing Development Bureau using the Ask Housing App at https://housing.lacity.gov/ask-housing

In addition to complying with relocation amounts under Option 3, the owner is required to pay tenants the RSO or JCO relocation amounts within 15 days of filing the Notice of Intent to Withdraw or the Declaration of Intent to Evict, which will be supplemented only if the owner's private consultant determines it is required under State law. The City's Relocation Consultant service fees for the RSO and JCO work will be charged to the owner for relocation services are paid upfront to LAHD (See the APPLICATION RELOCATION SERVICES FEES). Separately, the private consultant's fees are negotiated between the owner and their consultant.

Frequently Asked Questions

How Much Relocation Assistance Is Required?

The amount of relocation fees due to the tenant by the landlord depends on whether there will be a Protected Unit demolished for the purpose of new construction and whether household is lower income or above low income. For above low income tenants, it will also depend on whether tenant is an *eligible* or *qualified* tenant and the length of tenancy. Relocation Assistance is <u>paid per unit</u>, not <u>per tenant</u>. For relocation amounts, refer to the relocation and the HUD Low Income Limits charts in this Bulletin on pages 2 and 3. For relevant terminology see below.

- <u>Qualified tenant</u> A qualified tenant is any tenant who on the date of service of the written notice of termination is 62 years of age or older; handicapped, as defined in Section 50072 of the California Health and Safety Code, or disabled, as defined in Title 42 of the United States Code, Section 423; or who has one or more minor dependent children (as determined for federal income tax purposes).
- <u>Eligible tenant</u> Unless a tenant is a qualified tenant as explained above, the tenant is an eligible tenant and is entitled to receive a relocation assistance amount that depends on length of time in the unit and income.



- <u>Low Income Tenant</u> A tenant whose income is 80 percent or less of the Area Median In-come, as adjusted for household size, as defined by the U.S. Department of Housing and Urban Development, regardless of the length of tenancy.
- <u>Single Family Dwellings Owned by Natural Persons</u> When the residential real property is a single-family dwelling subject to the JCO and the owner is a natural person, including natural persons who hold properties in a trust or registered legal entity controlled by that natural person, who owns no more than four dwelling units and a single-family home on a separate lot in the City of Los Angeles: one month's rent that was in effect when the landlord served the written notice to terminate the tenancy, as either a monetary payment or credit. The Los Angeles Municipal Code Section 151.30(E) shall not apply. (LAMC 165.06.A.(6)).
- <u>Demolition for New Construction</u> The City's Resident Protections Ordinance (RPO) and the State's Housing Crisis Act (HCA) require that **ONLY** lower income households being displaced for the purpose of demolition of their units where the owner will replace the units with new construction must receive relocation payment consistent to the relocation benefits required to be paid by public entities pursuant to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 (Government Code 66300.6(b)(4)(A)). Tenants being displaced for new construction should receive a minimum of the RSO or JCO amounts to be increased only if the HCA or RPO require it.

How and When Shall Landlords Provide Payment?

The City Ordinances requires that relocation assistance payments be made as follows:

- 1. The entire payment shall be made to a tenant who is the only tenant in a rental unit.
- 2. If two or more tenants occupy a rental unit, then each tenant shall be paid an equal pro rata share of the payment.
- 3. If more than one payment amount applies to a unit, the landlord pays the higher amount for the unit.
- 4. Payments shall be made available within fifteen (15) days of service of the written notice of eviction; however, the landlord may, at the landlord's sole discretion and at the landlord's cost, elect to pay the monetary relocation benefits through an escrow account. The monies must be placed in the escrow account within the required 15-day period. The escrow account must provide for payments to the tenant(s) for actual relocation expenses incurred by the tenant prior to vacating the unit for the following relocation expenses: first and last month's rent; security deposit; utility connection charges; moving expenses. Payments from the escrow account shall be made within three (3) working days of receiving a request for payment. The remaining balance of the escrow account shall be disbursed upon certification of vacation of the rental housing unit. (Refer to RAC Regulations, Section 960.00). Note, Option 3 under the RPO will follow State law relocation rules on timing of payment for any amount the owner must supplement in addition to the



initial RSO or JCO relocation amounts. Note, relocation payment above the RSO or JCO amount under Option 3 is regulated by state law.

Are There Exemptions from Relocation Assistance Payments?

Relocation Offset: A landlord may offset the tenant's accumulated rent against any relocation assistance, unless the relocation assistance is owed because a termination of tenancy is required by a governmental agency order to vacate or comply issued for an unpermitted dwelling. (LAMC 151.09.G,5., 165.06.J.).

What Are the Administrative Fees Related to Relocation Assistance?

- 1. All landlords who file an application which requires relocation assistance to be provided to tenants shall pay the *Relocation Service Fee*, according to the tenants Eligible or Qualified status AND a *Relocation Administrative Fee* per rental unit.
- 2. All property owners that seek the LAHD's clearance of a Planning or Building and Safety Department demolition permit shall pay a *Demolition Monitoring Administrative Fee*.
- 3. Requests for a hearing to appeal a decision regarding a tenant's relocation assistance eligibility for higher relocation assistance based on a tenant's income, age, length of tenancy, family status and/or disability status must be filed along with the *Relocation Assistance Dispute Resolution Fee* (LAMC 151.09.G, 165.06.C.).
- 4. Owners choosing Options 2 or 3 have less predictable costs because they hire their own private consultant and the final relocation amounts are not known upfront for Option 3.

APPLICATION RELOCATION SERVICES FEES CHART Application Fees Effective July 1, 2024 to June 30, 2025			
SERVICE TYPE	FEE PER UNIT		
Relocation Service Fee for Eligible Tenants	\$585*		
Relocation Service Fee for Qualified Tenants	\$941*		
Relocation Service Administrative Fee	\$80*		
Demolition Monitoring Administrative Fee (paid with demolition permit clearance application)	\$45		
Relocation Assistance Dispute Resolution Fee (applies only if filing an appeal)	\$300		

^{*}Increases July 1st



How and where does an owner establish an escrow account, if they choose to do so?

The landlord may place the escrow account in any bank, savings and loan association, or credit union with federal deposit insurance, or with any broker who is licensed by the California Corporate Commission, or with a client trust account of an attorney currently eligible to practice law in California pursuant to the records of the State Bar of California that is reasonably accessible to the tenant(s) during normal business hours. (RAC Regulations, Section 960.00.)

What are the tenant's remedies if the owner does not pay relocation?

Non-payment Dispute - In an action by the landlord to recover possession of a rental unit, the tenant may raise as an affirmative defense the failure of the landlord to provide relocation assistance. A tenant may file a complaint with LAHD online at https://housing.lacity.gov/residents/file-a-rso-complaint or call the general hotline at (866) 557-7368. A tenant may seek a private right of action by obtaining legal advice.

Escrow Account Dispute - Where there is an escrow dispute between the escrow account holder, tenant and owner about the release of deposited funds, a dispute notice must be sent to the LAHD by the escrow holder. A copy of the escrow instructions given to the tenant must accompany the notice. (RAC Regulations, Section 967.00.)

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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