



LOS ANGELES COUNTY

CONSUMER & BUSINESS AFFAIRS

Board of Supervisors

May 12, 2026

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Third District

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Fifth District

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice Hahn
Supervisor Kathryn Barger

Director
Rafael Carbajal

From: Rafael Carbajal
Director

Chief Deputy
Joel Ayala

REPORT BACK ON UPDATING THE RENT STABILIZATION AND TENANT PROTECTIONS ORDINANCE (ITEM NO. 11, AGENDA OF JUNE 4, 2024)

On June 4, 2024, your Board adopted a revised motion¹ directing the Department of Consumer and Business Affairs (DCBA) to amend Chapter 8.52 ("Chapter") of the Los Angeles County Code Rent Stabilization and Tenant Protections Ordinance, (RSTPO) with updates as instructed therein and reporting back on the status and outcomes of these updates.

Specifically, your Board directed DCBA to implement the following:

1. Extend the RSTPO's four percent rental increase cap in place at the time for fully covered rental units² located in unincorporated areas of the County ("UIA") through December 31, 2024.
2. Provide consultation, as necessary, to County Counsel to amend the Chapter to reflect the above extension.
3. Complete additional amendments to the Chapter as listed below, in consultation with the Chief Executive Office (CEO) and County Counsel, to go into effect January 1, 2025:
 - a. Limit annual rent increases for fully covered rental units subject to the RSTPO to 60 percent of the percentage change in the average

¹ https://file.lacounty.gov/SDSInter/bos/sop/1163035_060424.pdf

² Definition of fully covered unit:

https://library.municode.com/ca/los_angeles_county/codes/code_of_ordinances?nodeId=TIT8COPRBUWARE_DIV3HO_CH8.52RESTTEPR



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- Consumer Price Index (CPI) over the previous 12-month period ending in September not to exceed a maximum rent increase of three percent, unless otherwise determined by DCBA;
- b. Permit Small Property Landlords an additional one percent annual increase in rent for fully covered rental units, not to exceed four percent, as long as they:
 - i. Qualify for and receive a Homeowners' Property Tax Exemption for the property on which the subject rental unit is located; or
 - ii. Have an ownership interest or beneficial interest in or controls only one rental property with no more than 10 units; or
 - iii. Have an ownership interest or beneficial interest in or controls no more than three rental properties with a combined total of no more than 10 rental units, including any outside of Los Angeles County; and
 - iv. Are none of the following:
 - 1. Real Estate Investment Trust (REIT), as defined by Section 856 of the Internal Revenue Code (IRC);
 - 2. A corporation;
 - 3. A limited liability company in which at least one member is, or is controlled by, a corporation;
 - 4. A partnership in which at least one partner is, or is controlled by, a corporation;
 - c. Permit landlords of Luxury Rental Units an additional two percent annual increase in rent, not to exceed five percent, unless otherwise determined by DCBA.
- 4. Update the DCBA's Rent Registry registration process to require registrants who identify as Small Property Landlords, meet the applicable criteria as defined above in 3(b)(i-iv) and wish to qualify as such, to provide self-certification under penalty of perjury.
 - 5. Report back to your Board on the status and outcomes of the RSTPO updates as per the revised motion.

This report, as your Board instructed in its fifth and final directive above, provides the status and current outcomes following the above-cited updates to the RSTPO as well as the following:

- a) A review and assessment of the number and outcomes of fair return rent increase applications; and
- b) An assessment and recommendations on the three formulas in section 3(a-c) of the revised motion, pass-throughs, and streamlined application processes.

While this report addresses RSTPO revisions and recommendations per the revised motion of June 4, 2024, it does not impact the Mobilehome Rent Stabilization and Mobilehome Owner Protections Ordinance (MRSMOPO) rent increase formula, which has not been revised since it was implemented in 2020.

The analysis and assessments directed by your Board's motion arrive at a pivotal moment for the RSTPO. Since its adoption in 2020, the ordinance has navigated a series of extraordinary disruptions that include a multi-year pandemic-era rent freeze, a series of phased amendments to the ordinance, and most recently, an extended tenant protection period in the wake of the January 2025 wildfires. Each disruption, while necessary, interrupted the ordinance's ability to fully take hold and generate the reliable implementation data upon which effective policy decisions depend. The result is a program that remains in the early stages of maturity where both tenants and landlords continue to navigate a regulatory framework that remains unfamiliar. Accordingly, this report makes the case for why measured administration of the RSTPO over the next three years is the most responsible path forward for the nearly 120,000 renter households that depend on its protections.

RSTPO ANNUAL IMPACT REPORT, ASSESSMENTS AND CONSIDERATIONS

On April 9, 2026, DCBA submitted to your Board its first *Keeping LA County Housed: 2025 Annual Impact Report* (Report)³ on the RSTPO and the MRSMOPO.⁴ The Report provides a detailed overview of the RSTPO and includes an examination of current tenant household and rental market conditions across the Unincorporated areas (UIA), ordinance effects upon tenants and landlords to date, stakeholder feedback related to DCBA's administration of the RSTPO, and key considerations for how the County might contemplate future changes to the Chapter and its implementation. This Report, paired with both DCBA's analyses into the revisions to the rent increase formula, including the Small Property Landlord and Luxury Unit exceptions and the current outcomes of the DCBA's fair return processes for landlords, will serve as the basis for this report back's updates, insights, and recommendations.

Fair Returns Review and Assessment

Landlord Application for Rent Increase

Under the County's RSTPO, landlords are entitled to a fair return on their rental property investment. If a landlord believes the current return, based on the standard annual rent cap, is insufficient, they have the right to file a *Landlord Application for Rent Increase* (LAI) with DCBA and request an increase in rent beyond what is permitted for a fully

³ https://file.lacounty.gov/SDSInter/bos/bc/1207888_2026-04-08BM_AnnualImpactReportRSTPOMRSMOPO2025_rc.pdf

⁴ For the purposes of this report, and based on the Board Motion's directives, the MRSMOPO will not be discussed in great detail here and instead will focus on the RSTPO.

covered rental unit. DCBA then conducts a comprehensive review of the LAI and issues a decision based on the totality of the evidence.

The LAI review process includes an assessment of the landlord's net operating income, maintenance expenses, insurance payments and property tax statements in order to determine whether these expenses have fluctuated and affected their ability to generate a fair return. DCBA also considers additional factors, such as the physical condition of the rental property, the landlord's compliance with the RSTPO, and ensuring that no undue financial hardship would be imposed upon the affected tenant(s) should an additional rent increase be allowed. The RSTPO grants DCBA the discretion to permit rent increases beyond the established limit when necessary to ensure that landlords are receiving a fair return on their investments.

DCBA received seventeen LAIs during fiscal year (FY) 2024-25. Table 1 below reflects an exhaustive accounting of all LAI submissions to DCBA – including their respective status – from April 1, 2020, when the RSTPO was enacted through April 30, 2026.

Table 1. LAI Volume & Status 4/1/20-4/30/26

LAI Disposition	LAI Count
Approved	1
Rejected ⁵	30*
Denied ⁶	1
Withdrawn	5
Currently under review	33
TOTAL	70
*Nine rejected LAIs were due to COVID-19 Tenant Protections Resolution in effect from 3/4/2020 – 3/31/2023, which included a rent increase freeze for fully-covered rental units.	

Assessment of Landlord Application for Rent Increase Data

Following several stakeholder engagement sessions from October 2025 through January 2026 and based on DCBA's daily engagement with landlords and their advocates, the reason for such low submission of applications is twofold. First, many landlords continue to believe they are still prohibited from submitting a LAI, unaware that the COVID-19 Tenant Protections Resolution (Resolution), which disallowed rent increases from 2020-2023, had expired. Second, the LAI itself is complex and can be cumbersome as it requires considerable documentation to substantiate excess expenses, which can be even more difficult when the landlord has not maintained proper record keeping. Small mom-and-pop landlords tend to be the landlord group most impacted by these challenges whereby when landlords have a property management company overseeing the

⁵ Rejections issued for an LAI may be due to an incomplete application or failure to provide required information; the property not falling within the UIA; the property not being registered; or a failure to comply with filing requirements.

⁶ Decisions to deny an LAI are made following a thorough review of a complete application by the Department.

operation of their rental property, there is often greater familiarity with the application process as well as more organized record keeping.

With the COVID-era prohibition on rent increases in place for three years, followed less than two years later by the introduction of extended tenant protections for renter households impacted by the January 2025 wildfire emergency, it is understandable that landlords would be unclear about whether a LAI is currently permitted. When coupled with the Department's resource constraints, these findings reflect the capacity challenges that DCBA's Rent Stabilization Program (RSP) has experienced over time—particularly as it relates to landlord outreach and education—that impacted its ability to immediately address these barriers.

As the acuity of these emergencies, their aftermath, and the unique demands they placed on DCBA staff have settled, it has become possible for the RSP to pivot and focus upon the unmet RSTPO needs of the community. In preparation for this, DCBA has recently partnered with third-party, community-based organizations that will be assisting in these public outreach and engagement efforts.

DCBA has since taken deliberate steps to address these barriers, including onboarding additional support to begin addressing capacity challenges and the coordinated outreach and education strategy detailed below, which is designed to ensure landlords and property managers are aware and able to better navigate the LAI process going forward. The LAI process is complex by design. As a financial assessment that requires substantiating excess expenses, its rigor exists to ensure that any rent increase beyond the allowable cap is justified and defensible. Nevertheless, the complexity does not preclude improvements to accessibility. Through this evaluation, DCBA has identified concrete opportunities to refine and streamline the application process, including the potential use of technology and other strategies. DCBA is actively working to implement these improvements in the near term and is not waiting for the conclusion of the evaluation period to do so.

LAI-Related Outreach, Education, and Technical Assistance

Currently, the RSP is actively updating all of its application processes (both fair return/LAI and pass-throughs/Primary Renovations and Capital Improvements) to ensure greater accessibility while also educating landlords on the County's processes and resources. Additionally, and in partnership with the Housing Rights Center (HRC) and the Los Angeles County Small Business Development Center (SBDC), implementation of a coordinated education and outreach strategy is underway to increase awareness and compliance with County housing laws in unincorporated Los Angeles County.

This effort includes workshops and technical assistance for landlords that cover tenant protections, landlord responsibilities, and rent registration requirements, along with a comprehensive, year-long public awareness campaign. The campaign uses a multi-

channel, multilingual approach to reach tenants, landlords, and mobilehome communities across all County supervisorial districts, with targeted outreach in high-need areas.

DCBA and its partners will design and facilitate 12 virtual “Know Your Rights” workshops and in-person Rent Registration workshops for property owners in unincorporated Los Angeles County, in addition to conducting 32 outreach events (20 in-person, 12 virtual). Key activities include workshops, community events, partnerships with community-based organizations, and the distribution of accessible educational materials, including FAQs, checklists, and landlord toolkits that will be developed in partnership with existing partners to ensure it is responsive to existing need and reflective of the feedback DCBA has received from stakeholders. DCBA also recognizes the significance of enhancing critical partnerships with landlords and their advocates. To this end, DCBA has actively engaged with key organizations such as realtor associations, property management companies, and landlord organizations, to establish points of contact, participate in member meetings, and present information and resources regarding County services. DCBA will continue to formalize these engagements as standard practice and deepen these relationships as the program continues to mature.

The strategy emphasizes equity, geographic coverage, and community collaboration to improve understanding, expand access to resources, and support housing stability and compliance.

As the RSP continues to mature, outreach and education to the public is currently the most critical component necessary to ensure widespread familiarity with and understanding of the RSTPO (and MRSMOPO). Equally important to increasing the public’s knowledge about the County’s housing rules and regulations is the data that a formal outreach and education campaign will generate, thus enabling DCBA to assess the effectiveness and appropriateness of existing processes and, as discussed in detail below, rent increase formulas.

RSTPO Formula Review & Assessment

As reflected in your Board’s revised motion, the latest amendments to the RSTPO, which went into effect January 1, 2025, included updates to the rent increase formulas for the following unit types:

- **Standard allowable annual rent increase for fully covered rental units:** 60 percent of the percentage change in the average Consumer Price Index (CPI) over the previous 12-month period ending in September, not to exceed three percent;
- **Luxury Units:** Standard allowable increase + two percent not to exceed five percent; and
- **Small Property Landlords:** Standard allowable increase + one percent not to exceed four percent.

The above updates reflect the very first amendments to the Chapter's rent increase formulas since its adoption in 2020. While the Luxury Unit requirement was established in 2020 as part of the Chapter's implementation and was scheduled to expire in December 2023, the rent freeze enacted by the Resolution prevented landlords from applying the additional allowable two percent rent increase. Additionally, and of particular note to this section's discussion, Table 2 below highlights the threshold criteria which define eligibility for the latter two provisions.

Table 2. Luxury Unit and Small Property Landlords

RSTPO Provision	Eligibility Criteria
Fully Covered Rental Unit ⁷	• Rental unit is located in the Unincorporated Areas; and • Has two (2) or more dwelling units; and • Certificate of Occupancy was issued on or before February 1, 1995; OR • Rental mobilehome is located in a mobilehome park in the Unincorporated Areas, regardless of the date of the certificate of occupancy or equivalent permit.
Luxury Unit	• Fully covered rental unit; • Has two (2) bedrooms or less; • Is located within a single structure that contains at least twenty-five (25) or more rental units; and • As of September 11, 2018, the landlord received at least four thousand dollars (\$4,000) per month in rent.
Small Property Landlord	• Fully covered rental unit; and • Qualifies for and receives a Homeowners' Property Tax Exemption; OR • Owns one rental property with ten (10) or fewer units; OR • Owns up to three (3) rental properties with a combined total of no more than ten (10) units, including properties outside of the County.

Luxury Units

At present, and based on the RSP's Rent Registry data, the Luxury Unit provision allowing for an additional two percent to be included in annual rent increases is heavily underutilized. DCBA has undertaken considerable efforts to address awareness of this provision, including presentations and workshops for landlords and property managers, targeted marketing campaigns across social media and print publications, and direct outreach to registered property owners. Despite these efforts utilization remains low, as of January 1, 2025, once the Luxury Unit provision was back in effect, there have been zero reported rent increases among landlords of registered qualified luxury units. In FY 2024-25, only 58 percent of registered luxury units reported any rent increases at all while the median annual rent increase among those who did was just 3.3 percent. DCBA believes this persistent gap reflects the broader awareness and implementation challenges that have characterized the ordinance's implementation history and ongoing

⁷ For exemptions, see Note 2.

maturation rather than a failure of outreach alone, and underscores the need for scaled and sustained engagement as part of the DCBA's ongoing campaign. This work represents a critical step toward conducting a data-driven assessment of the appropriateness of the current formula — particularly given that sufficient data does not yet exist to conclusively determine the underlying causes of low utilization of the Luxury Unit provision.

In late 2025, DCBA and its partners, HR&A Advisors, facilitated several stakeholder engagement sessions to discuss the Luxury Unit provision and three key and noteworthy concerns emerged:

1. Eligibility is limited to units with 0-2 bedrooms only, excluding other unit types that may have access to the same luxury amenities;
2. The fixed \$4,000 per month rent stipulation is outdated and does not respond to current market conditions; and
3. Limiting eligibility to single structures containing a minimum of 25-units excludes building typologies where the unit count is met but are distributed across multiple, smaller structures within the property.

At present moment, DCBA both acknowledges the limitations of the current definition while also recognizing the urgency and value of allowing the RSTPO the opportunity for full implementation in its present form before undergoing additional revisions. With little more than one year since its most recent amendments went into effect, coupled with a public that is not currently well-informed about the Chapter, there is a need to allow additional time for the ordinance's core functions to mature while DCBA also undertakes its outreach and education campaign.

This approach ensures DCBA is well-positioned to provide your Board with a thorough analysis of the current formula and its impacts, considerations for best practices, and recommendations for any future revisions.

Lastly, and in addition to the above-listed action items, any future assessment of the most appropriate luxury unit formula will likely require input and analyses from an economist that has the subject matter expertise in evaluating current market conditions as it relates to housing dynamics and can offer insights into how to best consider what future luxury unit formula revisions can and/or should look like.

Small Property Landlords

Unlike the underutilization of the Luxury Unit provision of the RSTPO, utilization of the Small Property Landlord (SPL) provision has been largely successful. Of the 3,219 landlords with registered rental units identified by DCBA that meet the SPL requirements, 2,215 applied and were approved for the additional one percent rent increase by DCBA as of March 23, 2026 – nearly 70 percent of the eligible population. Since January 2025,

DCBA's Rent Registry data identified 157 units where these rent increases have been implemented by the landlord, 119 of which exceeded the additional allowable one percent.⁸ With only seven percent of qualified landlords affirmatively reporting the rent increases, DCBA does not currently have enough information to assess whether landlords, generally, have actually implemented the approved increase. This is largely because landlords that complete the online SPL self-certification and meet the applicable requirements are automatically approved.

Similar to the stakeholder engagement sessions discussing the Luxury Unit provision, DCBA and HR&A Advisors facilitated conversations with stakeholders on the SPL provision. The most significant feedback provided by landlords and landlord advocacy groups during these sessions centered around the current 10-unit threshold eligibility requirement. Landlords and landlord advocacy groups currently propose redefining the threshold to 20 units.

If this proposed revision was implemented today, it would increase the number of qualifying units by nearly 5,000. Of particular concern is that many of these units are located in some of the most disadvantaged census tracts across the UIA, communities where tenant households are already among the most cost-burdened housing in the region. With 56 percent of tenant households in UIA spending more than a third of their income on rent and nearly 90 percent of all Notices of Termination filed with DCBA since 2023 attributable to non-payment, the cumulative pressure on lower-income renters in these communities is significant and well-documented. Furthermore, as highlighted in our annual report between 2013 and 2023, we identified a trend of low-income tenant households being replaced by higher income households. UIA lost 20,000 tenant households earning less than \$50,000 annually while gaining 19,000 higher-income households, a trend that reflects the displacement dynamic the RSTPO was designed to slow. Expanding the SPL threshold without first understanding its localized impacts on the most vulnerable tenant populations would risk accelerating that trend in communities where residents already face compounding economic and housing issues. DCBA does not currently have sufficient data to quantify the full extent of this risk, including the specific share of affected units located in disadvantaged census tracts and the overlap between SPL-eligible properties and non-payment termination activity. DCBA commits to developing this analysis as a component of its ongoing evaluation, ensuring that the DCBA weighs all material impacts as part of any future recommendations.

As articulated throughout this report, DCBA does not currently have sufficient data to support revisions to the SPL formula. The challenge is further compounded by the absence of a consistent, universally accepted definition of what constitutes a 'small property landlord.' Across County and state programs, including AB 1482 and other local just cause frameworks, the criteria defining small property landlords vary considerably, including differences in unit thresholds, ownership structure, and eligibility criteria. This

⁸ DCBA will follow up with these landlords, ensuring the applicable corrective action is implemented.

inconsistency extends to landlord advocates themselves, where there is no consensus on the appropriate threshold or ownership criteria that should define SPL eligibility. Even though a single universal definition may not be achievable, examining these different frameworks will be central to determining whether the current RSTPO definition remains appropriate or requires revision. While capacity constraints remain a consideration, DCBA is actively taking steps to address them, including onboarding additional support and expanding partnerships, and is committed to ensuring these do not impede DCBA's ability to deliver sound, evidence-based recommendations to your Board within the implementation period.

Recommendations

Following multiple emergencies that interrupted the full implementation of the RSTPO over the last six years, and in spite of several revisions over this same period of time, the ordinance continues to be in the early stages of maturity. A key indicator of this has been the public's misconceptions about their rights and responsibilities under the ordinance; low utilization of 2/3 of its special provisions allowing rent increases above the standard rate; and the lack of reliable data on the impacts of the Ordinance's current formulas.

Based on this, DCBA recommends your Board take the following actions:

- 1. Allow three full calendar years for the latest amendments to the RSTPO to fully mature in its current form without revisions to its existing formulas (January 1, 2025 – December 31, 2027);**

This timeframe is grounded in the fact that the RSTPO's current formulas only went into full effect in January 2025. Three years would provide DCBA with the first complete, uninterrupted implementation dataset since the ordinance's adoption, the minimum needed to conduct a credible formula assessment. A shorter period risks premature conclusions; a longer one unnecessarily delays action the Board may determine is warranted.

This three-year period will allow DCBA to execute a year-long outreach and education campaign on existing rules. Any revisions to the current iteration of the RSTPO are likely to increase confusion among the public, undermining DCBA's current efforts to ensure widespread awareness and compliance. Moreover, this period will help generate sufficient data for DCBA to make data-informed recommendations for future RSTPO revisions, including its formulas, and will allow DCBA to continue gathering feedback from key stakeholders around the potential design and viability of such revisions.

- 2. Direct DCBA to submit an interim report to your Board by June 30, 2027, with updates reflecting outcomes from the first two years of the implementation period, including preliminary outreach and education outcomes, data collection efforts, compliance rates, stakeholder feedback, emerging trends, including recommendations on whether specific elements for the RSTPO warrant earlier revision;**

This iterative evaluation will remain responsive to developments in the housing landscape, economy, and broader policy environment that may call for earlier action on specific elements of the ordinance. This includes DCBA's active collaboration with the Los Angeles County Affordable Housing Authority (LACAHSa) as it moves into full implementation, working jointly on areas where programming overlaps with, supports, and builds upon the RSTPO, including tenant eligibility definitions, legal services and rental assistance coordination, and data sharing, as well as informing the technical assistance LACAHSa intends to provide to other municipalities on tenant protections. Findings and developments emerging from this collaboration will be incorporated into DCBA's evaluation and reported to your Board as part of both the interim and final reports. Where emerging conditions prove sufficiently significant to warrant action ahead of the full evaluation period, DCBA will proactively flag these to your Board offices to determine the appropriate path forward.

DCBA would follow this up with a final report submitted to your Board by June 30, 2028, reflecting full implementation outcomes and any recommendations on future RSTPO revisions for your Board's consideration.

- 3. Grant DCBA delegated authority to enter into agreements with consultants to conduct in-depth, expert analyses into, but not limited to, luxury unit and small property landlord formulas;**

This may include an economic analysis of current market trends related to the definition of luxury units and/or a tenant displacement study focused on expanding the definition of a Small Property Landlord.

Should you have any questions, please contact me or Paul Barragan-Monge, Deputy Director, at PMonge@dcba.lacounty.gov.

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c: Executive Office, Board of Supervisors
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