

# Rent Escrow Account Program



# Purpose



The **Rent Escrow Account Program (REAP)** is an enforcement program that is used to encourage landlords/property owners to make repairs and maintain their rental buildings in a safe and habitable condition.

- REAP:
1. Helps preserve the City's affordable housing stock
  2. Protects tenants from substandard living conditions
  3. Increases the useful life of rental properties
  4. Helps reduce blight

REAP applies to all **multi-residential rental properties** with **two or more dwelling units** located in the City of Los Angeles.

# WHAT IS REAP



## **Affects of REAP on landlords and tenants**

- **Imposed Rent Reduction** [up to 50%] and moratorium on rent increase
- **Escrow account** established where tenants may voluntarily deposit rents
- **REAP Administrative Fees** [\$50.00 per unit per month] or monthly exemptions
- **REAP recording** placed on title at County Recorder's office
- Landlord/property owner shall attend **REAP Workshop**
- **Outreach** contractors assigned

Tenant Outreach

Landlord Outreach

# Referral and Requirements



## How does a property get referred for placement into REAP?

Any building or residential unit may be referred for inclusion in REAP if the following conditions exist:

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 expired without compliance; and
3. The violation(s) affects the health or safety of the occupants, or the violation results in a deprivation of housing services or habitability violation (RSO)

The Department **shall** accept the building or unit into REAP if the conditions are met.

# Referral and Requirements

(cont.)



## **Housing and Community Investment Department (HCIDLA)**

### **Code Enforcement Division**

1. Systematic Code Enforcement Program (SCEP)
2. Complaint Inspection

## **Other City and County Enforcement Agencies**

1. **Department of Building and Safety (LADBS)**
2. **Fire Department (LAFD)**
3. **County Environmental Health Services (EHS)**
4. **Inter-agency Housing Task Force (IHTF)**

After failing to comply with Orders, a General Manager's Hearing is held.

# Acceptance into REAP

## Due Process

1. **Notice of General Manager's (GM) Hearing and Acceptance into REAP**
2. **GM Hearing** held and **GM Hearing Decision** [affirm, modify or reverse the Department's determination to accept the property into REAP and corresponding rent reduction]
  - a. Appeal acceptance into REAP portion of GM Hearing Decision (within 10 calendar days) to the **Appeals Board (AB)**
  - b. **AB Hearing** held and **AB Determination** [affirm, reverse, modify or remand GM Hearing Decision]
3. **Final Notice of Acceptance into REAP** [open escrow account]

# Withdrawals from Escrow Account

A property owner/landlord, any tenant, Enforcement Agency, interested party and/or creditor may apply to the General Manager for a release of funds from the escrow account for the following reasons:

- To prevent reduction/shut off of essential services/utilities
- To pay for future repairs or reimbursement for completed repairs
- When requested by a tenant who voluntarily wishes to relocate
- To satisfy a judgment/court order

## **Release of Escrow Process**

1. Submit a **Release of Escrow (RofE) Application** and supporting documents
2. RofE GM Hearing and RofE GM Hearing Decision [approve or deny]
  - a. Appeal RofE GM Hearing Decision to AB within 10 days
  - b. AB Hearing and AB Hearing Determination [affirm, modify, reverse]
3. Release of funds to the recipient

# Removal from REAP

**Correct the violations** which placed the property into REAP and any subsequent Orders from HCIDLA and/or from other City or County Enforcement Agencies [LADBS, LAFD, County Environmental Health Services, IHTF]

Schedule a Tenant Outreach final site visit and obtain advisory opinion

Schedule HCIDLA Code Enforcement final inspection and obtain sign off

REAP staff initiates the removal process; verify no open Orders with other City and County Enforcement Agencies and LADWP water/electric charges satisfied

Department recommends removal from REAP and closing escrow account to the Housing Committee and City Council

- a. Notice of Removal from REAP issued after Council votes
- b. Effective REAP removal date, escrow account close date and rent-restored to amount prior to acceptance into REAP (30 days from Council approval date)
- c. 1 year moratorium on annual rent increase



# Termination of REAP Recording



After removal from REAP and closure of the escrow account, **HCIDLA's Billings and Collections Section and Accounting Division** conducts a **Final Accounting** assessment to deduct outstanding fees (if any) from the escrow account and /or issue a refund of the escrow funds.

REAP escrow funds are distributed in the following order:

- a. Pay un-collected REAP Administrative Fees (\$50.00 per unit per month)
- b. Pay outstanding HCIDLA Billings and Collections Fees  
[Annual RSO and SCEP, Inspection, Legal Admin, URP/TRIP, Misc.]
- c. REAP pre-paid monitoring inspection fees [\$338.00]
- d. After fees are deducted, any remaining escrow funds are issued as a refund to the property owner at the time of City Council removal; or if there are insufficient funds in the escrow account, a **Final Accounting Summary Bill** is issued to the owner at the time of City Council removal

# Contact

**REAP Helpline:** (844) 864-REAP or (213) 275-3492  
Monday - Friday from 9AM to 4PM

**REAP Email:** [hcidla.reap@lacity.org](mailto:hcidla.reap@lacity.org)

**Website:** [hcidla.lacity.org](http://hcidla.lacity.org)

