

Legal Q & A by Dennis P. Block, Attorney

Question One: I need some help on how to compute a rent increase for my rent control units in Los Angeles. Last year I was granted a Capital Improvement increase, which allowed me to increase my rent for each unit by \$8.00. I also charge each of my units the allowable SCEP (Special Code Enforcement Program) charge of \$3.61 per month. With these charges, one of my units is paying \$1,011.61. What would be the allowable increase for this unit?

Answer One: If you subtract the Capital Improvement and SCEP increase, the base rent would be \$1,000. You would be entitled a 3% increase, \$30, on this base amount only. Therefore, the base rent would be increased to \$1,030 and then you would add on the Capital Improvement and SCEP charge. ***NOTE: The new SCEP fee for 2012 was raised to \$43.32 and the new registration fees for the City of L.A were raised to \$24.51 per unit.***

Question Two: My rental agreement requires the tenant to maintain Renter's Insurance. One tenant is refusing to procure a policy. Would this be grounds for eviction?

Answer Two: Failure to procure Renter's Insurance would be a breach of the lease agreement. As long as the breach is not trivial, the court should terminate the tenancy. It is wise to have an additional term in your lease agreement that takes away the discretion of the judge to determine whether the provision is trivial. A recent Appellant Court case held that the following language accomplished that: *"Any failure of compliance or performance by Renter shall allow Owner to forfeit this agreement and terminate Renter's right to possession."*

Question Three: A tenant recently vacated the unit, even though his lease did not expire for several additional months. After deducting his security deposit, he owes me about \$5,000. What is the best way to recover this money?

Answer Three: If the tenant refuses to pay, the most cost efficient method would be to sue your tenant in small claims court. You can sue for an amount up to \$10,000. Small claims court is somewhat informal and you can merely tell your story to the judge who will render a decision. Please take notice that if you bring an action in small claims court, you may not appeal if the decision is not favorable.

Question Four: I own an eight unit building in Gardena. One of my tenants informed me that I am not in compliance with the law, which requires that I provide recycling receptacles for the building. Is this a new law?

Answer Four: A new law was instituted for the year 2012 entitled "The **Renters Right to Recycle Act**". This law mandates having recycling services for paper, plastic, bottles and cans in apartment buildings with five or more rental units.

Question Five: What repairs can I deduct from security deposits when a tenant vacates and what accounting do I have to provide to tenant?

Answer Five: You can only deduct the cost of repair for those items damaged through unusual wear and tear. If an item simply wore out, it would not be your tenant's responsibility to pay for the repair to that item. After your tenant vacates, you have 21 days to account for the security deposit in writing. If a single deduction totals \$125 or more, you would need to provide the tenant with receipts or estimates to justify the deductions.

Question Six: I own a duplex. I live in one of the units and the other is leased to an attorney. I received a notice of default on my property as I was behind in my mortgage payments. My tenant found out about this default and now refuses to pay the rent. He claims that rent payments are suspended if I am in default on my mortgage. What are my rights?

Answer Six: Your tenant is clearly mistaken. Rent payments are owed, until such time as you are not the rightful owner of the property. In many cases, owners in default recover or loan modifications are granted. There is no law that allows your tenant to take advantage of this situation.

Question Seven: I normally do not supply a refrigerator when I lease out my units. A tenant who recently vacated had abandoned their refrigerator and I decided I would leave it as an accommodation for the next tenant. After leasing out the unit, I received a phone call from the tenant who told me that the refrigerator stopped working and demanded that I have it repaired or replace it. Since I was only accommodating this tenant by offering a free refrigerator, am I responsible to maintain it?

Answer Seven: Unfortunately, if you supply an appliance, you are responsible to maintain it. The law would require that you either have it repaired or replaced. To avoid this in the future, put a statement in the rental agreement that the refrigerator is supplied as courtesy, which the tenant can choose to use, but in no event shall the landlord be responsible for its maintenance.

Question Eight: I recently bought a five unit apartment house in Los Angeles. The units are under rent control. Some of the units have no rental agreements and other units have very poorly drafted agreements. What is the best way to get the residents to sign my lease agreement?

Answer Eight: Under rent control, you cannot force a tenant to sign a new rental agreement. You cannot even force them to divulge the names of the occupants. You should send them the agreement and ask them to sign and return it to you. If they refuse, you will just have to live with the situation. One effective tip in getting the tenant to sign a new lease would be to offer them a one-year moratorium on a rent increase in exchange for their signature.

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