

**BEFORE THE
OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF CALIFORNIA**

In the Matter of:

CLAIMANT

and

EAST LOS ANGELES REGIONAL CENTER,

Service Agency.

DDS No. CS0028163

OAH No. 2025070323

DECISION

Taylor Steinbacher, Administrative Law Judge (ALJ), Office of Administrative Hearings (OAH), State of California, heard this matter via videoconference on August 4, 2025.

Jacob Romero, HIPAA Compliance Officer, appeared and represented East Los Angeles Regional Center (ELARC).

Claimant's father (Father), who is also one of Claimant's conservators, appeared and represented Claimant. The name of Claimant and his family members have been omitted to protect Claimant's privacy.

Oral and documentary evidence was received. The record was closed, and the matter was submitted for decision on August 4, 2025.

ISSUE

Should the regional center continue to pay for the cost of Claimant's monthly rent if Claimant will be renting a property owned by his parents/conservators?

EVIDENCE RELIED UPON

Documents: ELARC Exhibits 1–7, 10–15, 17; Claimant's Exhibits A–D.

Witnesses for ELARC: Alonie Matchan; Maria Aguirre.

Witnesses for Claimant: Father; David Zapata; Ulysess Emiliano; Nannette Meldrum.

FACTUAL FINDINGS

Parties and Jurisdiction

1. Claimant is a conserved, 48-year-old man who lives within the catchment area served by ELARC.

2. ELARC is a regional center designated by the Department of Developmental Services (DDS) to provide funding for services and supports to persons with developmental disabilities under the Lanterman Developmental Disabilities Services Act (Lanterman Act). (Welf. & Inst. Code, § 4500 et seq.)

3. Claimant receives services and supports from ELARC based on a qualifying diagnosis of autism and severe intellectual disability. After a fair hearing before an ALJ in 2020, ELARC was ordered to provide Claimant an ongoing rent subsidy of \$2,052 beginning October 2020 (2020 ALJ Decision). (Ex. 17.) In April 2025, Nannette Meldrum, Claimant's long-time behavioral specialist, contacted Claimant's service coordinator at ELARC to discuss Claimant moving out of his current residence and into a home next to his parents' home and which is also owned by his parents. (Ex. 3.) For the next two months, the parties continued to discuss the logistics of this move and whether the regional center would continue to pay Claimant's rent subsidy for this new residence. (Exs. 4–7.) In June 2025, after ELARC requested additional information from Father about these proposed living arrangements and other matters that he considered irrelevant, Father unilaterally filed, on July 3, 2025, a request for an "expedited hearing" with OAH. (Ex. 1, pp. 20–21.) Father alleged an expedited hearing was necessary because ELARC "would not give a Notice of Proposed Action as required by statute." (*Id.* at p. A21.) According to Father both he and Claimant's mother (Mother) are in poor health, necessitating consideration of this appeal on an expedited basis. This hearing ensued.

Claimant's Care and Housing Needs

4. Claimant has unique care needs. Those care needs were explained in detail in the 2020 ALJ Decision and are not in dispute. (See Ex. 17, pp. A101–A114.) Briefly, Claimant is non-verbal and uses a "facilitation communication board" to communicate but needs assistance with hand and wrist placement to point to the board. Claimant receives supportive living services in the form of in-home staff 24 hours a day, seven days per week, to support him and provide protective supervision.

He experiences extreme anxiety about any changes in his daily routine. Claimant's anxiety causes him to want to spend most of his time in his bedroom or bathroom.

5. Claimant's care needs cause him to have unique housing needs as well. As with Claimant's care needs, his housing needs were discussed in detail in the 2020 ALJ Decision and are not in dispute. These housing needs include: (1) his own bathroom and bedroom; (2) no roommates; (3) a separate bathroom to be used exclusively by his staff; and (4) the ability to keep the temperature in the house at no higher than 70 degrees at all times. (Ex. 17, pp. A113–A114.)

6. Claimant has lived in his current residence since at least 2012. (Ex. 10.) In 2020, Claimant had to be sedated and extricated from his bedroom with the help of his staff and paramedics after he experienced a medical issue necessitating a hospital visit. Extrication was necessary because the paramedics' gurney would not fit down the hallway and into his bedroom. Aside from the inability to move a gurney into his bedroom, Claimant's current residence has generally satisfied his unique care and housing needs for several years.

7. Claimant made progress towards his goals of community integration in recent years, even going outside occasionally. But following his hospitalization in 2020, those goals have been paused. (Ex. 14, pp. A93, A95–A97.) Worse, beginning earlier this year, the air conditioning at Claimant's home has not worked properly, causing the temperature to rise well-above 70 degrees much of the time, sometimes as high as 86 degrees. Claimant's landlord has attempted to fix the air conditioner and later replaced it, but to no avail. According to Claimant's staff, the landlord recently stated the house's electrical system may be inadequate for the new air conditioner's operation. Claimant's landlord is able to change the temperature in Claimant's residence remotely and often sets the temperature above 70 degrees without notice to

Claimant or his staff. Having temperatures above 70 degrees in his bedroom causes Claimant to have extreme levels of anxiety and stress, which in turn causes Claimant to engage in self-injurious behavior and property destruction, and has caused him to wet his bed. These behaviors were not typical when the air conditioning was working correctly.

8. To remedy this air conditioning issue, Father has purchased and placed a portable air conditioning unit in Claimant's bedroom. This unit lowers the temperature of Claimant's room to 70 degrees but does not cool the air in the rest of the house. As the rest of the house still has temperatures above 70 degrees, Claimant currently stays in his bedroom all the time. Although Claimant typically spends much of his time in his bedroom or bathroom, he had been making progress venturing out to other areas of the home when the air conditioning worked. Now that it does not work, Claimant has regressed in this area.

9. ELARC currently pays \$2,302 per month for Claimant's rent, which is sometimes referred to as "money management" in Claimant's Individual Program Plan (IPP). (Ex. 2, p. A22.) Because Claimant's current rent is \$2,700, Father pays the difference. ELARC provides the rent money to Claimant's SLS provider, which in turn makes rent payments to Claimant's landlord.

10. As noted above, any change to Claimant's daily routine or living arrangements causes him extreme anxiety. For that reason, any change of Claimant's residence must be carefully planned and executed. Claimant needs time to become accustomed to the notion that his living arrangements will change, and then the change must happen shortly thereafter so Claimant cannot become overanxious by dwelling on the change. According to Father and Meldrum, this is why remedying the issues at his current residence is not as easy as simply moving Claimant elsewhere.

Proposed New Living Arrangements

11. Father owns two properties that share a property line on the same street in Whittier, California. Each property has a house on it and has a separate address. Aside from sharing a property line, the houses are not otherwise connected or share any common structures. Father recently renovated one of these houses. The renovations at this house satisfy all of Claimant's care and housing needs, including functional air conditioning. This house also has a sliding door that opens to the exterior, which would allow a gurney to be easily taken in and out of Claimant's bedroom, if necessary. The regional center does not dispute that this house would meet all of Claimant's unique care and housing needs.

12. Father proposes to charge rent of \$2,700 per month for this house, which is what Claimant pays monthly for his current residence. (Ex. A.) According to Father, allowing Claimant to live at the house rent-free would be problematic for two reasons. First, Claimant receives social security disability insurance payments, and according to Father, these payments may be reduced by the amount of "free" rent Claimant receives as an "in-kind contribution." This would result in the regional center needing to backfill that reduction, according to Father. Second, according to Father, there are income tax implications for providing below-market rent to family members. Father also testified that he would lose a property tax exemption on Claimant's proposed new residence once Father moves out, which will further increase his annual carrying costs of the property. Father did not support any of these contentions with evidence aside from his own testimony, although the regional center did not rebut that testimony.

13. Claimant presented un rebutted testimony and evidence that the rent of \$2,700 was below market rent for a similar property in a similar area that would satisfy

Claimant's unique housing and care needs, even taking into account affordable housing programs and voucher programs such as "Section 8." (Exs. B–D.)

The Regional Center's Concerns

14. Maria Aguirre works at ELARC and supervises Claimant's service coordinator, Alonie Matchan. On June 18, 2025, Aguirre wrote an email to Father setting forth ELARC's concerns with his proposed arrangement to have the regional center pay to rent a property Father owns. (Ex. 7.) Aguirre requested additional information from Father, including:

- information about Claimant's Special Needs Trust so the regional center could "understand what long-term planning is in place for [Claimant] in the event [Father or Mother] are no longer available to care for him," and
- "whether there is a mortgage on the property, and justification for why [Claimant] is being asked to pay rent for a home that is owned by family."

(Ex. 7.) According to Aguirre, this information was necessary to "justify the allocation of funds, including documentation of financial need and absence of other viable resources." (*Ibid.*)

15. After receiving this email, Father discontinued communication with ELARC about the proposed move and unilaterally filed a request for a fair hearing a few weeks later. According to Father, he did this because he believed Aguirre was requesting information that was irrelevant to whether it was permissible for the regional center to pay rent to him under the Lanterman Act. Father testified that he has prevailed in fair hearings under the Lanterman Act against the regional center on nine occasions before, and that he unilaterally filed the request for a fair hearing

because it is typical for the regional center to delay making final decisions. As noted above, because Father and Mother are in poor health, Father did not believe he had time to wait any longer for ELARC to make a decision on his request.

16. According to Aguirre and Matchan, ELARC did not provide Father with a Notice of Action denying his request for ELARC to pay Claimant's rent at this new house because it had not made a decision about the request. Both Aguirre and Matchan testified at the hearing that, as far as ELARC was concerned, the request was still pending and could have been approved if Father had provided the additional information the regional center requested.

17. Aguirre and Matchan both testified that the key concern ELARC had about paying rent for Claimant to live in a house owned by Father was that the regional center typically does not pay for its clients to live with their parents. They both testified that ELARC would have no problem with paying rent for Claimant to live at the house if it were owned by anyone other than his parents. Furthermore, according to both Aguirre and Matchan, the amount of rent to be paid and the house's location adjacent to his parents' home were irrelevant to ELARC's analysis as to whether payment of that rent would be appropriate.

LEGAL CONCLUSIONS

The Lanterman Act

1. The Lanterman Act governs this case. (Welf. & Inst. Code, § 4500 et seq.) (All further undesignated statutory references are to the Welfare and Institutions Code.) The Legislature enacted the Lanterman Act to provide a pattern of facilities and services sufficiently complete to meet the needs of each person with developmental

disabilities, regardless of age or degree of handicap, and at each stage of life. The purpose of the statutory scheme is twofold: To prevent or minimize the institutionalization of developmentally disabled persons and their dislocation from family and community, and to enable them to approximate the pattern of everyday living of nondisabled persons of the same age and to lead more independent and productive lives in the community. (*Assn. for Retarded Citizens v. Dept. of Developmental Services* (1985) 38 Cal.3d 384, 388.)

2. DDS is the state agency charged with implementing the Lanterman Act; DDS, in turn, contracts with private, non-profit community agencies called "regional centers" to provide developmentally disabled persons with access to the services and supports best suited to them throughout their lifetime. (§§ 4416, 4620.)

3. Under the Lanterman Act, an administrative proceeding, also known as a "fair hearing," is available to determine the rights and obligations of regional centers and claimants when claimants disagree with a regional center decision. (§§ 4700-4717.)

4. Claimant requested a fair hearing under the Lanterman Act, and thus jurisdiction for this case was established. (Factual Findings 1–3.)

Standard and Burden of Proof

5. The party proposing a change in existing services or asserting a new claim holds the burden of proof in administrative proceedings. (See, e.g., *In re Conservatorship of Hume* (2006) 140 Cal.App.4th 1385, 1388 [the law has "a built-in bias in favor of the status quo," and the party seeking to change the status quo has the burden "to present evidence sufficient to overcome the state of affairs that would exist if the court did nothing"].) The standard of proof for these proceedings is the preponderance of the evidence because no other law or statute, including the

Lanterman Act, provides otherwise. (Evid. Code, § 115.) This standard is met when the party bearing the burden of proof presents evidence that has more convincing force than that opposed to it. (*People ex rel. Brown v. Tri-Union Seafoods, LLC* (2009) 171 Cal.App.4th 1549, 1567.)

6. Here, Claimant is the party requesting a change in the status quo. Per the 2020 ALJ Decision, the regional center was required to pay rent of \$2,052 for Claimant's current residence, which is owned by a disinterested party. Claimant is now requesting that the regional center pay \$2,700 a month for rent at a different residence, which is owned by his parents. Claimant therefore bears the burden of proving by a preponderance of the evidence that ELARC should be required to pay rent for Claimant to live in a property owned by his parents/conservators.

Regional Center Payment for a Client's Rent

7. Regional centers are responsible for the cost-effective use of public resources. (§§ 4646, 4646.5, 4647, and 4648.) Regional centers must ensure "[u]tilization of generic services and supports when appropriate." (§ 4646, subd. (a)(2).) Regional centers must identify and pursue all possible sources of funding for consumers receiving Lanterman Act services and supports. (§ 4659, subd. (a).) Moreover, regional center funds "shall not be used to supplant the budget of an agency that has a legal responsibility to serve all members of the general public and is receiving public funds for providing those services." (§ 4648, subd. (a)(8).)

8. Once a regional center finds a person is eligible for regional center services, the regional center must "assess their needs and formulate an 'individual program plan' (or IPP) that delineates each consumer's 'goals, objectives, and [needed]

services and supports.” (*Shalghoun v. North Los Angeles County Regional Center, Inc.* (2024) 99 Cal.App.5th 929, 941.) The IPP should

be developed using a person-centered approach that reflects the needs and preferences of the consumer, and, as appropriate, their family. The services and supports provided by the regional center should assist each consumer in achieving their personal outcomes and life goals and promote inclusion in their community. It is the further intent of the Legislature to ensure that the provision of services to consumers and their families be effective in meeting the goals stated in the individual program plan, reflect the preferences and choices of the consumer, and reflect the cost-effective use of public resources.

(§ 4646, subd. (a).)

9. In securing needed services and supports for its clients, the regional center should work to “achieve the greatest self-sufficiency possible and to exercise personal choices” of its clients. (§ 4648, subd. (a)(1).) To that end, the regional center’s IPP planning team must “give highest preference to those services and supports that would allow . . . adult persons with developmental disabilities to live as independently as possible in the community . . .” (*Ibid.*) In implementing a client’s IPP, the regional center must “first consider services and supports in natural community, home, work, and recreational settings. Services and supports shall be flexible and individually tailored to the consumer and, if appropriate, the consumer’s family.” (*Id.*, subd. (a)(2).)

///

10. Concerning the living arrangements of a regional center client who is an adult, the Lanterman Act places a "high priority on providing opportunities for adults with developmental disabilities, regardless of the degree of disability, to live in homes that they own or lease with support available as often and for as long as it is needed, when that is the preferred objective in the individual program plan." (§ 4689.) Generally, the cost of paying rent and other household expenses for a supported living home is the responsibility of the regional center client. (*Id.*, subd. (h).) The regional center may pay rent or other household expenses for a supported living home, provided that all of the following conditions are met:

(A) The regional center executive director verifies in writing that making the rent, mortgage, or lease payments or paying for household expenses is required to meet the specific care needs unique to the individual consumer as set forth in an addendum to the consumer's individual program plan, and is required when a consumer's demonstrated risk of homelessness, medical, behavioral, or psychiatric condition presents a health and safety risk to the consumer or another.

(B) During the time period that a regional center is making rent, mortgage, or lease payments, or paying for household expenses, the supported living services vendor shall assist the consumer in accessing all sources of generic and natural supports consistent with the needs of the consumer.

(C) The regional center shall not make rent, mortgage, or lease payments on a supported living home or pay for

household expenses for more than six months, unless the regional center finds that it is necessary to meet the individual consumer's particular needs pursuant to the consumer's individual program plan. The regional center shall review a finding of necessity on a quarterly basis and the regional center executive director shall annually verify in an addendum to the consumer's individual program plan that the requirements set forth in subparagraph (A) continue to be met.

(§ 4689, subd. (i)(1).) The 2020 ALJ Decision relied on the exception in section 4689, subdivision (i), in finding that it was permissible for Claimant to have the regional center pay the cost of his monthly rent. (Ex. 17.)

11. Based on the evidence presented at the hearing, Claimant continues to meet the requirements of the exemption in subdivision (i) of section 4689. Claimant's unique care and housing needs, which require him to live alone and in a house with certain features, are well-documented and undisputed by ELARC.

12. No contrary evidence has been submitted by the regional center that payment of monthly rent in the amount of \$2,700 would not be "cost effective," as required by section 4646. Regulations set forth by DDS define "cost effective" as "obtaining the optimum results for the expenditure[.]" (Cal. Code Regs., tit. 17, § 58501, subd. (a)(6).) The undisputed evidence is that \$2,700 is well below the monthly market rent for a similar house that would meet Claimant's unique needs, even taking other governmental assistance programs into account.

///

Whether Payment of Rent to Father Is a Conflict of Interest

13. ELARC's primary contention is that it is inappropriate for it to pay Claimant's rent when Father would be his landlord, as this creates an appearance of impropriety and self-dealing given that Father is Claimant's conservator. In support of this contention, ELARC's position statement cited various provisions of the Lanterman Act, as well as sections of the Probate Code and the California Rules of Court. But none of the provisions cited by ELARC prohibit the regional center from paying rent to Father under these unique circumstances.

14. For example, ELARC's position statement cited section 4659. As noted above, section 4659 provides in part that regional centers are required to "identify and pursue all possible sources of funding for consumers receiving regional center services," including governmental programs and "[p]rivate entities, to the maximum extent they are liable for the cost of services, aid, insurance, or medical assistance to the consumer." Nothing in the quoted excerpt from section 4659, or anywhere else in that section, prohibits the regional center from paying rent to Father under these circumstances.

15. Nor does section 4646, which generally sets forth the IPP process, and provides that

[d]ecisions concerning the consumer's goals, objectives, and services and supports that will be included in the consumer's individual program plan and purchased by the regional center or obtained from generic agencies shall be made by agreement between the regional center representative and the consumer or, if appropriate, the

parents, legal guardian, conservator, or authorized representative at the program plan meeting.

(§ 4646, subd. (d).)

16. ELARC's position statement also cites Probate Code section 2351 as a basis to deny paying rent to Father. That section provides

a guardian or conservator . . . in exercising their powers, may not hire or refer any business to an entity in which the guardian or conservator or an employee has a financial interest. For the purposes of this subdivision, "financial interest" shall mean (1) an ownership interest in a sole proprietorship, a partnership, or a closely held corporation, or (2) an ownership interest of greater than 1 percent of the outstanding shares in a publicly held corporation, or (3) being an officer or a director of a corporation.

Although this subdivision may seem applicable at first blush, it does not apply here. Father is not suggesting hiring or referring any "business" to an "entity" in which Father has a "financial interest" as defined by the statute. There is no evidence that the new property is held by a business entity of any kind.

17. ELACRC also cites California Rule of Court Rule 7.1059, which provides:

Except as otherwise required by statute, in the exercise of ordinary care and diligence in managing and controlling the estate of the conservatee, the conservator of the estate is to be guided by the following principles:

(a) Avoidance of actual and apparent conflicts of interest
with the conservatee

The conservator must avoid actual conflicts of interest and, consistent with his or her fiduciary duty to the conservatee, the appearance of conflicts of interest. The conservator must avoid any personal, business, or professional interest or relationship that is or reasonably could be perceived as being self-serving or adverse to the best interest of the conservatee. In particular:

(1) Except as appropriate for conservators who are not professional fiduciaries with full disclosure to the court, the conservator should not personally provide housing . . . to the conservatee;

[¶ . . . ¶]

(4) The conservator must not engage his or her family members to provide services to the conservatee for a profit or fee when other alternatives are reasonably available.

Where family members do provide such services, their relationship to the conservator must be fully disclosed to the court, the terms of engagement must be in the best interest of the conservatee compared to the terms available from independent service providers, the services must be competently performed, and the conservator must be able to exercise appropriate control and supervision.

Here, ELARC has not shown Father is a professional conservatee such that the restriction on conservators providing housing to conservatees in subdivision (a)(1) of the rule applies. Nor is there any evidence Father is “engaging his or her family members” to provide services to Claimant—only Father and Mother would be providing the services.

18. Father’s un rebutted testimony was that he set the rent at \$2,700 to avoid a reduction in Claimant’s social security benefits and adverse income tax implications for himself. Moreover, Father’s un rebutted testimony was that his property taxes will increase once he is no longer living in the home that Claimant will rent. Charging Claimant rent will help Father defray those carrying costs while providing a residence customized to Claimant’s unique needs.

19. It may be true that the Lanterman Act requires the regional center to investigate natural supports for its clients and regional centers generally do not pay rent for an adult consumer to live with their parents. When a claimant lives with their parents in the same home, that may be a situation in which a regional center should not pay the claimant’s rent because the claimant’s parents would be a natural support. But the regional center has not shown that a separate house which has been remodeled to suit a claimant’s unique needs and in which the claimant would live alone is a natural support which the regional center can require the parents to provide rent-free. Nor has the regional center cited, or the undersigned ALJ been able to locate, any provision in the Lanterman Act prohibiting payment of rent to a claimant’s parent under these circumstances.

20. At bottom, the Lanterman Act does not appear to prohibit the housing arrangement Father proposes, even though Father will be a beneficiary of public funds for Claimant’s housing. The regional center, as a steward of public funds, has a duty to

ensure that those funds are being spent in a way that maximizes the cost effectiveness of the expenditure. ELARC should be credited for discharging that obligation here by attempting to investigate Father's proposal despite Father's lack of cooperation or sharing of relevant information until his testimony at the fair hearing. If ELARC believes this new housing arrangement presents a conflict of interest such that Father can no longer be Claimant's conservator, it can challenge Father's conservator status in Probate Court.

21. Claimant has carried his burden to show that payment of rent to Father and Mother under these circumstances is cost effective and will accomplish the goals of his IPP, given his unique care and housing needs. As with the 2020 ALJ Order, Claimant will still need to continue searching for alternative, more cost-effective housing options, as set forth below.

ORDER

1. Claimant's appeal is granted. ELACRC shall pay \$2,700 per month towards Claimant's money management/rent subsidy beginning September 2025, as an exception to Welfare and Institutions Code section 4689, subdivision (h). The fact that Father or Mother owns the property in which Claimant lives—provided that Claimant does not live in the same house as Father or Mother—shall not hinder ELACRC's payment of that subsidy.

2. Claimant, with staff assistance, shall continue searching for an alternative housing option that fits his needs and is more cost effective than his current residence. Beginning January 2026, Claimant, through his staff, shall provide ELACRC quarterly

documentation of this search as well as any efforts to obtain funding from generic resources (e.g., Section 8) identified by the Service Agency.

3. Beginning January 2026, and on a quarterly basis, Claimant, through his conservator, shall continue to share with ELARC Claimant's household budget indicating the income Claimant receives and the household expenses Claimant pays, including the rent charged and the amount Claimant pays toward that rent.

4. Claimant's need for the rent subsidy is subject to review as required by Welfare and Institutions Code section 4689, subdivision (i).

DATE:

TAYLOR STEINBACHER
Administrative Law Judge
Office of Administrative Hearings

NOTICE

This is the final administrative decision. Each party is bound by this decision. Either party may request reconsideration pursuant to subdivision (b) of Welfare and Institutions Code section 4713 within 15 days of receiving the decision, or appeal the decision to a court of competent jurisdiction within 180 days of receiving the final decision.