



OFFICE OF THE CITY ATTORNEY
ROCKARD J. DELGADILLO
CITY ATTORNEY

REPORT NO. R 0 8 - 0 1 2 6
APR 30 2008

REPORT RE:

**DRAFT ORDINANCE ADDING ARTICLE 7.1 to CHAPTER IV AND AMENDING
SECTIONS 91.106.4.1, 151.06, AND 151.09 OF THE LOS ANGELES MUNICIPAL
CODE TO REGULATE THE DEMOLITION AND CONVERSION OF RESIDENTIAL
HOTEL UNITS**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Council File No. 08-0644

Honorable Members:

On April 16, 2008, the Housing, Community and Economic Development Committee instructed this office to draft an ordinance regulating the demolition and conversion of residential hotel units. As requested, this office has prepared and now transmits for your action the attached draft ordinance, approved as to form and legality. This draft ordinance adds Article 7.1 to Chapter IV and amends Sections 91.106.4.1, 151.06, and 151.09 of the Los Angeles Municipal Code to regulate the demolition and conversion of residential hotel units.

CEQA Findings

Regarding a finding pursuant to the California Environmental Quality Act (CEQA), the Los Angeles Housing Department has recommended that Council find that the adoption of this ordinance is exempt from the provisions of CEQA under Article 18, Section 15060 (c)(2) of the State CEQA Guidelines and Article II, Section 2(m) of the City CEQA Guidelines. If the City Council concurs, it should adopt this finding prior to or concurrent with its action on the ordinance.



Background and Summary of Ordinance Provisions

On April 16, 2008, the Housing, Community and Economic Development Committee instructed this office to draft an ordinance regulating the demolition and conversion of residential hotel units.

Fee Notice Requirements

The attached final draft ordinance establishes a fee. Prior to adopting a new fee or increasing an existing fee, the City Council must conduct a public hearing concerning the matter, as required by Government Code Section 66018. Notice of the time and place at which the public hearing will be held, including a general description of the matter to be considered, must be published in accordance with Government Code Sections 66016 and 6062a. After conducting the hearing, the City Council should determine whether the amount of the fee in the ordinance is appropriate. The City Council may impose this fee so long as the fee does not exceed the expected cost of administering the City program.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Community Redevelopment Agency, Departments of Building and Safety and General Services, and the Los Angeles Housing Department. The Housing Department believes that the draft ordinance accurately reflects the Committee's request. The Community Redevelopment Agency, the Departments of Building and Safety and General Services have been asked to provide their comments directly to Council.

If you have any questions, please contact Deputy City Attorney Judith E. Reel at 213.978.7965. Either she or another member of this office will be available when you consider this matter to answer any questions you may have.

Sincerely,

ROCKARD J. DELGADILLO, City Attorney

By *Claudia Culling*
CLAUDIA CULLING
Special Counsel - Municipal

CC:JER:lee
Transmittal

ORDINANCE NO. _____

An ordinance adding Article 7.1 to Chapter IV of the Los Angeles Municipal Code and amending Sections 91.106.4.1, 151.06, and 151.09, of the Los Angeles Municipal Code to regulate the demolition and conversion of residential hotel units.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Article 7.1 is added to Chapter IV of the Los Angeles Municipal Code to read:

ARTICLE 7.1

RESIDENTIAL HOTEL UNIT CONVERSION AND DEMOLITION

SEC. 47.70. Title.

This article shall be known as the Residential Hotel Unit Conversion and Demolition Ordinance.

SEC. 47.71. Purpose.

It is the purpose of this ordinance to benefit the general public by minimizing the adverse impact on the housing supply and on displaced low-income, elderly, and disabled persons, which results from the loss of residential hotel units through conversion and demolition. This is to be accomplished by establishing the status of residential hotel units, by regulating the demolition and conversion of these units to other uses, and by establishing appropriate administrative and judicial remedies.

SEC. 47.72. Findings.

The Los Angeles City Council finds that:

- A. There is a severe shortage of decent, safe and sanitary rental housing in the City of Los Angeles and this shortage most severely affects elderly, disabled and low-income persons.
- B. Many elderly, disabled and low-income persons reside in residential hotel units.
- C. The Los Angeles Housing Department (LAHD) currently designates 336 hotels as residential hotels, which contain 18,739 units in the City of Los Angeles. An additional survey of residential hotels billed for annual fees by LAHD in 2006, revealed that 87% of residential hotels did not request exemptions for tourist units.

D. As a result of the removal of residential hotel units from the rental housing market, a housing emergency exists within the City of Los Angeles, acutely impacting elderly, disabled and low-income persons.

E. Residential hotel units are endangered housing resources and must be protected.

F. The Los Angeles City Council recognized the housing emergency caused by the loss of residential hotel units and enacted an ordinance that established a moratorium on the demolition or conversion of residential hotel units to any other use. This Interim Control Ordinance became effective on May 24, 2006.

G. The conversion and demolition of residential hotel units affect those persons who are least able to cope with displacement in the City of Los Angeles' housing market.

H. It is in the public interest that the conversion and demolition of residential hotel units be regulated. Furthermore, in order to protect the resident tenants and to conserve limited housing resources, remedies must be provided where unlawful conversion or demolition has occurred.

SEC. 47.73. Definitions.

A. **Affordable Housing Project.** Affordable Housing Project is a housing development project with a government-imposed regulatory agreement that has been recorded with the Los Angeles County Recorder, or which shall be recorded within six months of the Claim of Exemption filed pursuant to Section 47.76, guaranteeing that all of the residential units will be affordable to either lower income or very low income households for a period of at least 55 years, with at least ten percent of the units affordable to households with income no greater than 30 percent of Area Median Income, and no more than 25 percent of the units affordable only to households with income at 60 percent of Area Median Income. None of the units shall be affordable only to households with income greater than 60 percent of Area Median Income, as these terms are defined by the United States Department of Housing. "Lower income or very low income households" is defined in accordance with California Health and Safety Code Sections 50079.5 and 50105.

B. **Affordable Housing Trust Fund.** Affordable Housing Trust Fund is a fund established by Los Angeles Administrative Code Section 5.522.

C. **CRA/LA.** CRA/LA is the Community Redevelopment Agency of the City of Los Angeles.

D. **Comparable Unit.** Comparable Unit is a unit which is similar in size, services, rental amount and facilities to the residential unit proposed to be converted or demolished.

E. Conversion. Conversion is any action that converts any residential unit in a residential hotel through either: (1) a change of use to a commercial, industrial, or other non-residential use; (2) a change to a different residential use; (3) a change from a residential use to a transient guest use or occupancy; or (4) a conversion to a condominium, cooperative, or similar form of ownership.

F. Demolition. Demolition is any action that reduces the number of existing guest rooms, light housekeeping rooms, or efficiency units in a residential hotel, either by a complete tearing down of a building or structure so that it no longer exists or by combining two or more units into a single unit.

G. Destroyed. Destroyed is an action defined by Section 12.03 of the Los Angeles Municipal Code.

H. Disaster. Disaster is an event defined by Section 12.03 of the Los Angeles Municipal Code.

I. Efficiency Dwelling Unit. Efficiency Dwelling Unit is defined in Section 12.03 of the Los Angeles Municipal Code.

J. GSD. GSD is the Department of General Services.

K. Guest Room. A Guest Room is defined in Section 12.03 of the Los Angeles Municipal Code.

L. Interested Party. An Interested Party is a tenant of a residential hotel, or his or her authorized representative. Interested party shall also mean any nonprofit organization exempted from federal taxation pursuant to Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, and organized for the purpose of maintaining or creating affordable housing.

M. Light Housekeeping Rooms. Light Housekeeping Rooms are those designed and used as a bedroom and for the cooking and preparing of food, in conformance with the provisions of Los Angeles Municipal Code Section 91.8116.

N. LADBS. LADBS is the Los Angeles Department of Building and Safety.

O. LAHD. LAHD is the Los Angeles Housing Department.

P. Member of Appraisal Institute. Member of Appraisal Institute is a trade organization that certifies appraisers who meet the requirements for the MAI designation.

Q. Owner. Owner includes any person or legal entity holding any ownership interest in a residential hotel.

R. Person. A person is defined in Section 11.01 (a) of the Los Angeles Municipal Code.

S. Residential Hotel. A Residential Hotel, as defined in accordance with California Health and Safety Code Section 50519, is any building containing six or more guest rooms or efficiency units, intended or designed to be used, or which are used, rented, or hired out, to be occupied, or which are occupied, for sleeping purposes by guests, and which is also the primary residence of those guests. The term does not mean any building containing six or more guest rooms or efficiency units, which is primarily used by transient guests who do not occupy that building as their primary residence.

T. Residential Unit. A Residential Unit is any guest room, light housekeeping room, efficiency unit, or dwelling unit in a residential hotel that was occupied as a primary residence on October 11, 2005. If a unit was vacant on October 11, 2005, a residential unit shall mean any guest room, light housekeeping room, efficiency unit, or dwelling unit in a residential hotel, which was occupied as a primary residence on the first day that unit was occupied after October 11, 2005.

U. Tenant. A Tenant is a person who is entitled to occupy and occupies a residential unit for at least 30 consecutive days.

V. Tourist Unit. A Tourist Unit is a unit in a residential hotel that does not meet the criteria of a residential unit.

SEC. 47.74. Applicability of this Article.

A. This article shall not apply to any Residential Hotel that is an Affordable Housing Project. An Affordable Housing Project that is exempt from the provisions of this article shall lose its exempt status and become subject to the provisions of this article when it ceases to be an Affordable Housing Project.

B. This article shall also not apply to any Residential Hotel that:

1. was completely and continuously unoccupied by any tenant from October 11, 2005, through and including the date that the owner files a building permit for a Residential Hotel that constitutes a proposed conversion or demolition of the Residential Hotel, or is a new development on the site of a destroyed or demolished Residential Hotel; or

2. pursuant to California Government Code Section 7060, *et seq.*, was first approved for residential occupancy on or after January 1, 1990, as evidenced by a certificate of occupancy issued by LADBS on or after that date; or

3. pursuant to California Government Code Section 7060, *et seq.*, sent or delivered to the LAHD before October 11, 2005, a notice of intent to withdraw all of the building's accommodations from rent or lease.

4. consisted entirely of residential units that were rented or offered for rent for periods of no less than 30 days from October 11, 1995, to the effective date of this article.

SEC. 47.75. Residential Hotel Unit Status Determination.

A. This article presumes that 100 percent of the units of any building that is a Residential Hotel are used for residential purposes and constitute Residential Units.

B. LAHD shall notify by mail the owner of any hotel that it classifies as a Residential Hotel subject to the provisions of this article. LAHD shall include in its notification a copy of this article, the appeal form referenced in Subsection C of this section, and an Application for Exemption. LAHD shall mail the notice to the owner at the address that appears in the last equalized assessment roll or at the address provided to LAHD through any registration in accordance with Section 151.05.

C. An owner of a Residential Hotel who alleges that the hotel contains Tourist Units, or that the hotel is not a Residential Hotel, may file an appeal with LAHD within 60 days of the date that LAHD deposited its notification in the mail pursuant to Subsection B of this section.

1. An owner who chooses to file an appeal shall do so on a form prescribed by LAHD and shall pay an administrative fee in the amount of \$605. The fee shall pay for the cost of investigating and processing the appeal.

2. The owner shall submit evidence with the appeal to support the appeal. An owner who claims that the hotel contains Tourist Units shall also identify the specific rooms that the owner claims are Tourist Units.

3. The owner has the burden of proving by a preponderance of the evidence that the claimed units are Tourist Units and not Residential Units, or that the property is not a Residential Hotel. Tenants and other interested parties may submit evidence to LAHD.

4. On the date that the owner files the appeal, the owner shall post a notice on a form prescribed by LAHD and pursuant to the posting requirements of this article. The notice shall state that the owner has appealed the City's Residential Hotel Unit Status Determination. The notice shall identify the rooms that the owner claims as Tourist Units. The notice shall provide the name and contact number of LAHD staff whom tenants and other interested parties can contact to provide additional evidence and information regarding the appeal. LAHD shall also mail a copy of the notice to the occupants of the building. The

notice shall remain posted until after LAHD issues a written determination regarding the owner's appeal.

5. LAHD shall issue a determination of the appeal based on the evidence submitted within 90 days of the filing of the appeal. LAHD shall mail a copy of the determination to the owner, the occupants of the units claimed as Tourist Units by the owner, and any interested parties who submitted evidence pursuant to Subdivision 3 of this section.

D. An owner or any interested party who presented evidence pursuant to Subdivision 3 of this section may appeal LAHD's determination to a General Manager's Hearing Officer pursuant to the provisions of Section 47.83. The appeal shall be filed at LAHD within 15 calendar days after LAHD mails its determination to the owner. LAHD's determination shall be final if a timely appeal is not filed.

SEC. 47.76. Claim of Exemption.

A. Applications for Exemption based on Subsection A of Section 47.74, Affordable Housing Projects. Applications for exemption based on Subsection A of Section 47.74 shall be subject to the provisions below of this subsection:

1. **Filing of Application for Exemption.** An application for exemption based on Subsection A of Section 47.74 may be filed at any time by the owner. The owner shall pay an administrative fee in the amount of \$205 when filing the application. The fee shall pay for the cost of processing the application.

2. **Owner's Submission of Evidence.** The owner shall submit evidence with the appeal to support the claim of exemption. The owner has the burden of proving by a preponderance of the evidence that the Residential Hotel is exempt from the provisions of this article.

3. **Determination of Exempt Status.** LAHD shall issue a determination of the claim for exemption based on the evidence submitted, and shall mail a copy of the determination to the owner within 90 days of filing the application.

4. **Appeal of Denial of Application for Exemption.** An owner may appeal the denial of an application for exemption pursuant to the provisions of Subsection C of this section.

B. Applications for Exemption based on Subsection B of Section 47.74. Applications for exemptions based on Subsection B of Section 47.74 shall be subject to the provisions below of this subsection:

1. **Timing of filing of Application for Exemption.** An application for exemption based on Subsection B of Section 47.74 must be filed within 60 days after LAHD mails notification pursuant to Subsection B of Section 47.75. Failure

to timely file an application for exemption will result in denial of the application, unless LAHD finds that good cause exists for the untimely filing. The owner shall also pay an administrative fee in the amount of \$205 when filing the application. The fee shall pay for the cost of investigating and processing the appeal.

2. Posting Notice of Application for Exemption. On the date that the owner files the application for exemption with LAHD, the owner shall post a notice on the premises of the Residential Hotel. The notice shall be on a form prescribed by LAHD. The notice shall provide the name and contact number of the LAHD staff whom tenants and other interested parties can contact to provide additional evidence and information. LAHD shall also mail a copy of the owner's application for exemption to each of the units of the Residential Hotel. The notice shall remain posted until after LAHD issues a written determination regarding the application for exemption.

3. Submission of Evidence. The owner shall submit evidence with the appeal to support the claim of exemption. The owner has the burden of proving by a preponderance of the evidence that the Residential Hotel is exempt from the provisions of this article. Tenants and other interested parties may submit evidence to LAHD.

4. Determination of Exempt Status. LAHD shall review the application for exemption and evidence submitted. LAHD shall issue a determination of the application for exemption within 90 days of the filing of the application. LAHD shall mail a copy of the determination to the owner and to interested parties who submitted evidence pursuant to the provisions of Subdivision 3 of this subsection.

5. Appeal from Determination of Exempt Status. An owner or any interested party who submitted evidence pursuant to Subdivision 3 of this subsection may appeal LAHD's determination of an application for exemption pursuant to the provisions of Subsection C of this section.

C. Appeal of Determination of Application for Exemption. An appeal pursuant to the provisions of Subdivision 4 of Subsection A of this section or Subdivision 5 of Subsection B of this section may be made to the General Manager's Hearing Officer pursuant to the provisions of Section 47.83 of this article. The appeal shall be filed at LAHD within 15 calendar days after LAHD mails the determination of the application for exemption. LAHD's determination of an application for exemption shall be final if a timely appeal is not filed.

SEC. 47.77. Application for Clearance.

The City shall not approve a conversion or demolition of a Residential Hotel, or any new development on the site of a destroyed or demolished Residential Hotel, until

LAHD has approved an Application for Clearance filed by the owner pursuant to this section.

A. If an owner applies for a building permit for a Residential Hotel that constitutes a proposed conversion or demolition of the Residential Hotel, or is a new development on the site of a destroyed or demolished Residential Hotel, then the following procedures shall apply:

1. LADBS shall inform LAHD of the application for a building permit.
2. The owner shall file an Application for Clearance with LAHD. Within 90 days after LAHD has deemed the application complete, LAHD shall either deny the application or determine the conditions for approval of the application.
3. LAHD shall make one of the following determinations when an owner files a complete Application for Clearance:
 - (a) Deny an Application for Clearance if the applicant has violated the provisions of Subsection A of Section 47.81;
 - (b) Exempt the property from the provisions of this article if the Application for Clearance is for an Affordable Housing Project pursuant to the provisions of Section 47.74; or
 - (c) Determine the conditions for approval of an Application for Clearance pursuant to Section 47.78.
4. LAHD shall mail a copy of LAHD's letter of determination of an Application for Clearance to the owner, the occupants of the Residential Hotel units, and the applicable Council office.
5. The owner and any interested party may appeal the conditions for approval of an Application for Clearance to the General Manager's Hearing Officer pursuant to the provisions of Section 47.83.
6. LAHD shall only approve the Application for Clearance if the owner complies with the conditions determined by LAHD pursuant to this section or, if the conditions for approval are appealed, as determined pursuant to Section 47.83.

B. An owner who files an Application for Clearance with LAHD and wants the option to pay a fee pursuant to the provisions of Subdivision 2 of Subsection A of Section 47.78 shall pay an application fee in the amount of \$2000 for each application. An owner who files an Application for Clearance with LAHD and does not want the option to pay a fee pursuant to the provisions of Subdivision 2 of Subsection A of Section 47.78, shall pay

an application fee in the amount of \$1108 for each application. The application fee shall pay for the City's cost of administering the application process.

C. The Application for Clearance shall contain the following information:

1. The legal and mailing address of the Residential Hotel;
2. The names and addresses of all owners or operators of the Residential Hotel;
3. The names of all tenants in the Residential Hotel;
4. The total number of units in the Residential Hotel and the current uses;
5. The current rental rates for the Residential Units; and
6. The length of tenancy of the tenants affected.

SEC. 47.78. Conditions for Approval of an Application for Clearance.

A. LAHD shall require an owner to satisfy one of the following conditions for approval of an Application for Clearance:

1. Construct, for each Residential Unit to be converted or demolished, a comparable unit in the City of Los Angeles within a two-mile radius of the units to be converted or demolished.

(a) LAHD may authorize the construction of fewer units to replace the Residential Units to be converted or demolished if LAHD determines that the following three conditions are met:

(i) The replacement units provide amenities, such as bathrooms and kitchens, not present in the units to be withdrawn;

(ii) The needs of the current residents of the Residential Hotel would be served by the better amenities and larger units; and

(iii) The reduction in the number of units would not significantly decrease the number of available Residential Units in the City.

(b) Where the owner chooses to comply with the conditions for approval of an Application for Clearance pursuant to this subdivision, LAHD shall not approve the Application for Clearance until LADBS issues a certificate of occupancy for units constructed pursuant to this subdivision, except where CRA/LA has approved replacement units within four years of the date of demolition of the Residential Hotel units pursuant to CRA/LA Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas, so long as the guidelines are in full force and effect.

2. Pay to the City of Los Angeles a fee in an amount equal to 80 percent of the cost of construction of an equal number of comparable Residential Units plus 100 percent of site acquisition costs. GSD shall determine the fee amount based on an independent MAI certified appraisal reviewed by GSD. The applicant shall pay for the appraisal. The fee payments shall be placed in the Affordable Housing Trust Fund and be used for the Permanent Supportive Housing Program pursuant to Subsection B of this section. The funds deposited in the Affordable Housing Trust Fund for the Permanent Supportive Housing Program pursuant to the provisions of this subdivision may be used to create replacement units. If the units to be converted or demolished are in the City Center or Central Industrial Redevelopment Project Area, the fee will be paid into the Affordable Housing Trust Fund to be used for the Permanent Supportive Housing Program in accordance with the CRA/LA's Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas, for so long as the guidelines are in full force and effect.

3. Convert Residential Units to units that are either light housekeeping rooms, efficiency dwelling units or dwelling units, and which shall be subject to a regulatory agreement filed with the Los Angeles County Recorder guaranteeing for a period of at least 55 years that at least ten percent of the units shall be affordable to households with income no greater than 30 percent of Area Median Income, at least 40 percent of the units shall be affordable to households with income no greater than 40 percent of Area Median Income, and at least 30 percent of the units shall be affordable to households with income no greater than 50 percent of Area Median Income, as these terms are defined by the United States Department of Housing. The initial rent for the remaining units may be set at any amount.

(a) The option provided by this subdivision applies only to Residential Hotels containing more than 250 units.

(b) LAHD may authorize the construction of fewer units to replace the Residential Units to be converted pursuant to this subdivision if LAHD determines that the following three conditions are met:

(i) The replacement units provide amenities, such as bathrooms and kitchens, not present in the units to be withdrawn;

(ii) The needs of the current residents of the Residential Hotel would be served by the better amenities and larger units; and

(iii) The reduction in the number of units would not significantly decrease the number of available Residential Units in the City.

B. The funds deposited in the Affordable Housing Trust Fund pursuant to the provisions of this article shall be used to provide capital funding for the development of

permanent supportive housing projects pursuant to the City's Permanent Supportive Housing Program. At the end of the calendar year after the year in which funds are deposited in the Affordable Housing Trust Fund, any remaining funds that have not been committed through the Permanent Supportive Housing Program shall be available for the development of affordable housing projects funded through the Affordable Housing Trust Fund. Units developed with funds committed under the Affordable Housing Trust Fund pursuant to this subsection shall be restricted to households with incomes no greater than 35% of Area Median Income, as defined by the United States Department of Housing and Urban Development.

SEC. 47.79. Rights of Tenants.

A. **Relocation Assistance.** Tenants evicted from Residential Units pursuant to Section 151.09 A 13 of this code shall be entitled to relocation assistance pursuant to the provisions of Section 151.09 G.

B. **Right of First Refusal.** Within 60 days of the issuance of a certificate of occupancy for units constructed pursuant to Section 47.78 A 1, the owner shall first offer to rent the units to tenants who were evicted, pursuant to Section 151.09 A 13 of this Code, from the Residential Units that were the subject of the Application for Clearance.

C. **Tenancy.** Any tenant who takes possession of a unit pursuant to the provisions of Subsection B of this section shall be subject to the provisions of Chapter XV of this Code.

SEC. 47.80. Destroyed Buildings or Buildings Demolished Pursuant to an Abatement Proceeding.

A. This section shall apply to Residential Hotel buildings that are destroyed by a disaster or demolished by LADBS pursuant to Section 91.8905 or 91.8907 of this Code, unless the proposed development will be an Affordable Housing Project.

B. The City shall not approve building permits for a destroyed Residential Hotel building, or for any new development on the site of a destroyed or demolished Residential Hotel, unless the owner files an Application for Clearance with LAHD and complies with the provisions of Section 47.78.

C. LAHD shall have the authority to record an affidavit with the County Recorder stating that no permits for any new development on the site of a destroyed or demolished Residential Hotel shall be issued unless the owner has complied with the provisions of this article.

SEC. 47.81. Unlawful Conversion; Remedies; Fines.

A. It shall be unlawful for any person to convert or demolish any Residential Hotel building or Residential Unit in violation of the provisions of this article.

1. Changing the use of a Residential Unit for non-commercial purposes that serves only the needs of the permanent residents, such as a residents' lounge, storeroom or common area, does not constitute a violation of this article.

2. Demolition of an existing Residential Unit to combine units for a non-commercial purpose that serves only the needs of the permanent residents does not constitute a violation of this article.

3. An owner is prohibited from converting or demolishing less than all of the original number of Residential Units in a Residential Hotel, except where an owner satisfies the conditions for approval of an Application for Clearance pursuant to the provisions of Subdivision 3 of Subsection A of Section 47.78.

B. LAHD Order Regarding Violations and Fines. Whenever LAHD determines that any Residential Hotel is in violation of this article, LAHD shall order the violation corrected, and shall impose a fine pursuant to the provisions of this section.

C. Appeal of Order to General Manager's Hearing. Where an owner believes that an order issued pursuant to the provisions of Subsection B of this section was in error regarding the violations identified or the fine assessed, the owner may appeal the order by filing a request for a General Manager's hearing pursuant to the provisions of Section 47.83. The owner must file the appeal in writing on a form provided by the Department within 15 calendar days of when LAHD mailed the order. If the appeal is not received within this period, the order shall be final. If the owner timely appeals the order to a General Manager's hearing, the order shall be stayed pending the appeal.

D. Fines, Penalties and Interest.

1. **Imposition of Fine.** A person violating any provision of this article shall pay a fine in the amount of \$250 per day for each violation that is the subject of an order issued pursuant to Subsection B of this section. Fines imposed pursuant to orders that are not appealed to a General Manager's hearing must be paid within 30 days after issuance of the order. Fines not paid within 30 days shall be deemed delinquent. Fines imposed by orders that are appealed to a General Manager's hearing must be paid within 30 days after the Hearing Officer issues a written decision pursuant to the provisions of Subsection F of Section 47.83 if the Hearing Officer affirms imposition of the fine. Fines not paid within 30 days of issuance of a decision shall be deemed delinquent.

2. **Imposition of Late Penalty.** A person whose fine is delinquent shall be assessed a penalty in the amount of 100 percent of the fine. The penalty shall be owed in addition to the amount of the fine.

3. **Interest.** In addition to the fine and penalties imposed, any person with a delinquent fine shall pay interest on the amount of the fine and any penalty owed at the rate of one and one-half percent per full month of delinquency.

4. **Personal Obligation of Owner.** In addition to all other remedies provided by law, all penalties and interest owed for violations of this article shall be a personal obligation of the owner, recoverable by the City in an action before any court of competent jurisdiction.

5. **Criminal Penalties for Violations.** Any person willfully violating the requirements of this article shall be guilty of a misdemeanor. The penalty upon conviction shall be not more than a fine of \$1,000 or imprisonment in the county jail, not exceeding six months, or both fine and imprisonment. Violations of this article are deemed continuing violations, and each day that a violation continues is deemed to be a new and separate offense.

6. **False Information Misdemeanor.** It shall be unlawful for an owner to willfully provide false information to the LAHD or its designees. Any owner who provides false information to the City, when required to provide information pursuant to this article, shall be guilty of a misdemeanor. Conviction of this misdemeanor shall be punishable by a fine of not more than \$500 or by imprisonment in the County Jail for a period not to exceed six months, or both fine and imprisonment.

E. **Civil Action.** An interested party or the City may institute a civil proceeding for injunctive relief and damages for violations of this article. The interested party instituting a civil proceeding, or the City suing to enforce the provisions of this article, if prevailing parties, shall be entitled to the costs of enforcing this article, including reasonable attorneys' fees, pursuant to an order of the Court.

SEC. 47.82. Post or Posting. Where posting is required by this article, material shall be posted in a conspicuous location at the front desk in the lobby of the Residential Hotel, or if there is no lobby, in the public entranceway. No material posted may be removed by any person except as otherwise provided in this article.

SEC. 47.83. Appeals to LAHD General Manager's Hearing Officer.

A. **Filing of the Appeal.** Appeals to the General Manager's Hearing Officer shall be on a form prescribed by LAHD. The appellant must pay a fee in the amount of \$600 to fund the administrative cost of the hearing process. Appellants must state the basis of the appeal and provide supporting evidence.

B. **Powers of the Hearing Officer.** The General Manager's Hearing Officer shall exercise all powers related to the conduct of a hearing. The Hearing Officer shall have the discretion to grant a continuance of the hearing upon a showing of good cause.

The Hearing Officer has the power to administer oaths and affirmations during the hearing. The Hearing Officer shall require the maintenance of order in the hearing room, may order the exclusion of witnesses, may expel anyone who disturbs the hearing, and may secure the aid of the Los Angeles Police Department for these purposes.

C. Notice of General Manager's Hearing. The General Manager's hearing shall be held within 30 days of the filing of the appeal. Notice of the General Manager's hearing shall be mailed to the owner, via certified United States mail, postage prepaid, or delivered in person, at least seven calendar days prior to the hearing. Upon receipt of the notice, the owner shall post the notice and shall keep the notice posted until after completion of the hearing. LAHD shall also provide notice to the occupants of the Residential Hotel by mail, or in person, at least seven calendar days prior to the hearing.

D. Presentation of Evidence. LAHD staff, the owner, tenants and occupants of the Residential Hotel and any other interested party may present oral, photographic or documentary evidence that is relevant to the case for consideration by the Hearing Officer. Appellants shall have the burden of proof, and shall present substantial evidence and specific facts to support their appeal

E. Recording of Hearing. The proceedings shall be audio-recorded by LAHD.

F. Hearing Officer's Decision. After considering all relevant evidence and arguments, the Hearing Officer shall issue a written decision within 30 calendar days of the hearing. The Hearing Officer shall decide, based on the record, whether LAHD erred or abused its discretion. The decision shall be supported by written findings. LAHD will mail a copy of the decision to the owner and the occupants of the Residential Hotel. The decision of the Hearing Officer shall be the final administrative decision except in the following circumstance: If LAHD authorizes construction of fewer units pursuant to Section 47.78 A 1(a) or Section 47.78 A 3 (b) and this results in a reduction of more than 25 percent of the number of Residential Units being converted or demolished, the owner or any interested party may appeal the Hearing Officer's decision to the City Council pursuant to the provisions of Subsection G of this section.

G. Appeals to the City Council. Appeals to the City Council shall be filed with LAHD on the forms prescribed by LAHD within fifteen days of the date of mailing of the Hearing Officer's decision. LAHD shall transmit the appeal form to the City Clerk for a public hearing before the City Council. The City Council shall hear the appeal within 30 days after it is filed, unless the appellant and the owner consent to an extension of time. The Council shall give notice of the hearing to the owner, the appellant and LAHD. At the time established for the hearing, the Council or its Committee shall hear the testimony of the appellant, the owner, LAHD staff, and any witnesses on their behalf. Upon conclusion of the hearing, the City Council shall within ten days render its decision on the appeal based upon the testimony and documents produced before it. The City Council may sustain, modify, or reject LAHD authorization of the construction

of fewer units pursuant to Section 47.78 A 1(a) or Section 47.78 A 3 (b), and shall make findings consistent with the provisions of this article. If at the end of the time limit specified in this subsection, or time extension consented to by the appellant and the owner, the City Council fails to act, the appeal shall be deemed denied and the Hearing Officer's decision from which the appeal was taken shall be deemed affirmed. It shall be the duty of the City Clerk to issue the decision.

SEC. 47.84. Construction. Nothing in this article may be construed to supersede any other lawfully enacted ordinance of the City of Los Angeles, except that definitions provided in this article shall govern the enforcement of this article. An owner of a Residential Hotel subject to the provisions of this article must comply with all applicable federal, state and local laws, including, without limitation, the CRA/LA Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas, so long as the guidelines are in full force and effect.

SEC. 47.85. Promulgation of Rules and Regulations. The LAHD and LADBS shall have the authority to adopt policies, rules and regulations to effectuate the purposes of this article, and to implement and administer their duties imposed pursuant to the provisions of this article.

SEC. 47.86. Annual Review of Residential Hotel Status.

The General Manager of the LAHD, with assistance from LADBS, shall prepare and report to the Mayor and the City Council annually with respect to the administration of this article and shall provide the following information:

- A. Current data on the number of Residential Hotels and the number of Residential Units in each of the Residential Hotels in the City of Los Angeles;
- B. Current data on the number of Residential Units converted or demolished pursuant to an approved application for clearance;
- C. Current data on the number of Residential Units eliminated due to demolition as a result of major fires, natural causes or accidents;
- D. Current data on the number of Residential Units illegally converted;
- E. Current data on the number of replacement housing units rehabilitated or constructed;
- F. A summary of the enforcement efforts by all City agencies responsible for the administration of this article; and
- G. A report on expenditures of monies in the Affordable Housing Trust Fund received pursuant to the provisions of this article.

Sec. 2. Section 91.106.4.1 of Division 1 of Article 1 of Chapter IX of the Los Angeles Municipal Code is amended to add a new Subsection 16 to read:

16. The Department of Building and Safety shall have the authority to withhold building permits for any property identified as a residential hotel by the Los Angeles Housing Department pursuant to Article 7.1 of Chapter IV of the Los Angeles Municipal Code until the Los Angeles Housing Department has verified compliance with the provisions of Article 7.1 of Chapter IV of the Los Angeles Municipal Code in order to preserve residential units in the residential hotels of the City of Los Angeles.

Sec. 3. The first sentence of the first paragraph of Subsection C of Section 151.06 of the Los Angeles Municipal Code is amended to read:

Except as otherwise provided in this subsection, if the rental unit was vacated voluntarily or as a result of an eviction or termination of tenancy based on one or more of the grounds described in Subdivisions 1, 2, 9 or 13 of Subsection A of Section 151.09, the maximum rent or maximum adjusted rent may be increased to any amount upon re-rental of the rental unit.

Sec. 4. A new Subdivision 13 is added to Subsection A of Section 151.09 of the Los Angeles Municipal Code to read:

13. The rental unit is in a residential hotel, and the landlord seeks to recover possession of the rental unit in order to convert or demolish the unit, as those terms are defined in Section 47.73 of the Los Angeles Municipal Code. A landlord may recover possession of a rental unit pursuant to this paragraph only after the Department has approved an Application for Clearance pursuant to the provisions of Section 47.77.

Sec. 5. The first sentence of Subsection G of Section 151.09 of the Los Angeles Municipal Code is amended to read:

If the termination of tenancy is based on the grounds set forth in Subdivisions 8, 10, 11, 12 or 13 of Subsection A of this section, then the landlord shall pay a relocation fee of: \$14,850 to qualified tenants and a \$6,810 fee to all other tenants who have lived in their rental unit for fewer than three years, or \$17,080 to qualified tenants and a \$9,040 fee to all other tenants who have lived in their rental unit for three years or longer, or \$17,080 to qualified tenants and \$9,040 to all other tenants whose household income is 80 percent of below Area Median Income (AMI), as adjusted for household size, as defined by the U.S. Department of Housing and Urban Development, regardless of length of tenancy.

Sec. 6. **Urgency Clause.** The City Council finds and declares that this ordinance is required for the immediate preservation of the public peace, health and safety for the following reasons: Residential hotels, including single room occupancy

hotels, are often the housing of last resort for the poor living in the City of Los Angeles. If residential hotels are converted or demolished, a crucial housing resource would be permanently lost. The City's homeless population would very likely increase, exposing already at-risk persons and families to inhumane living conditions, as well as making them more vulnerable to crime. Downtown Los Angeles and many other areas of the City that have traditionally provided low-income housing are experiencing gentrification that displaces low-income households. During the last five years, property owners have removed over 13,000 rent stabilized units pursuant to the State Ellis Act. Statistics provided by the Housing Department illustrate the impact on the City's housing market by the loss of residential hotels. The City has 336 residential hotels, accounting for 18,739 units. Los Angeles also has the nation's largest homeless population. Unregulated conversion or demolition of residential hotels would lead to an unacceptable and socially harmful increase in homelessness in Los Angeles.

The City Council, with the Mayor's concurrence, adopted the Interim Control Ordinance prohibiting the conversion or demolition of residential hotels on May 19, 2006, while the City developed a permanent ordinance to regulate the conversion or demolition of residential hotels. The Interim Control Ordinance was extended for two additional six-month periods and shall expire on May 24, 2008. The Council, therefore, with the Mayor's concurrence, adopts this ordinance to become effective upon publication pursuant to Los Angeles City Charter Section 253.

Sec. 7. Severability. If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance, which can be implemented without the invalid provisions, and to this end, the provisions of this ordinance are declared to be severable.

Sec. 8. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

KAREN E. KALFAYAN, City Clerk

By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

ROCKARD J. DELGADILLO, City Attorney

By 
JUDITH REEL
Deputy City Attorney

Date April 30, 2008

File No. 08-0644