EXHIBIT 2

DRAFT

CITY OF LOS ANGELES

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

CITY OF LOS ANGELES

NOVEMBER 2005

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E Executive Summary

E.1 Purpose of the Report

Through the federally funded Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs, among other state and local programs, the City of Los Angeles works to provide a decent living environment for all. Pursuant to CDBG regulations [24 CFR Subtitle A §91.225(a)(1)], to receive CDBG funds the City must certify that it "actively furthers fair housing choice" through the following:

- Completion of an Analysis of Impediments to Fair Housing Choice (AI);
- Actions to eliminate identified impediments; and
- Maintenance of fair housing records.

The City of Los Angeles is committed towards providing equal housing opportunities for all residents. The fundamental goal of this commitment is to eliminate housing discrimination and to make housing choice a reality.

This Analysis of Impediments (AI) to Fair Housing Choice report represents the City's objective assessment of the nature and extent of fair housing concerns in the City, and the potential impediments to making fair housing choice available to its residents. Based on this assessment, the City will develop an action plan with timeline and objectives to address the impediments identified.

E.2 Defining Fair Housing

Throughout this report, fair housing is defined as:

> *Fair housing is defined as a condition in which individuals of similar income levels in the same housing market have a like range of choice available to them regardless of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, sexual orientation, source of income, or any other category which may be defined by law now or in the future.*

Impediments to fair housing choice are:

> *Any actions, omissions, or decisions taken because of race, color, ancestry, national origin, religion, sex, disability, age, marital status, familial status, sexual orientation, source of income which restrict housing choices or the availability of housing choices; or*
>
> *Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, ancestry,*

national origin, religion, sex, disability, age, marital status, familial status, sexual orientation, source of income.

Though critical, the lack of affordable housing is not considered a fair housing issue in itself. Neither federal nor State fair housing laws identify low and moderate income households as a protected class. While housing affordability is not a fair housing issue per se, the increased demand for housing and the dwindling supply may create conditions where fair housing violations become a common part of the competition in the housing market. This study therefore assesses the impact of high housing costs in the City on low and moderate income households, and households with special housing needs. Fair housing concerns may arise to the extent that the lack of affordable housing disproportionately impacts groups that are protected by fair housing laws.

E.3 Scope of AI Analysis

This AI reviews the laws, regulations, conditions or other possible obstacles that may affect an individual or a household's access to housing. Specifically, the AI contains:

- A comprehensive review of the laws, regulations, and administrative policies, procedures, and practices;
- An assessment of how those laws, regulations, policies, procedures, and practices affect the location, availability, and accessibility of housing; and
- An assessment of conditions, both public and private, affecting fair housing choice.

E.4 Community Participation

As part of the AI process, the report incorporates the issues and concerns of residents, housing professionals, and service providers. To assure the report responds to community concerns, an outreach program consisting of the following was conducted:

- Five community workshops
- Residential fair housing survey
- Fair housing focus group meetings with service providers
- Interviews with key service providers
- Interviews with housing industry representatives
- Interviews with financial institutions and housing companies

E.5 Summary of Report

E.5.1 Community Profile

The City of Los Angeles has the second largest city in the nation, with residents representing hundreds of countries and every continent. Race and ethnicity have implications on housing choice in that certain socioeconomic variables correlate with race. For instance, ethnic minority populations in Los Angeles have not achieved

homeownership as readily as the White population. Minority households are more reliant on the rental housing market for accommodation and may be disproportionately impacted by fair housing issues in the rental market.

Households with different characteristics have unique housing needs and may face different impediments in the housing market. Large households, seniors, and the disabled are "special needs" households examined in the AI, as summarized below.

Large households have special housing needs due to their generally lower per-capita income and the lack of adequately sized, affordable housing. Large households often face discrimination in the housing market, particularly in the rental housing market. This special needs group was found to have experienced a higher level of housing problems (cost burden, overcrowding, and substandard housing conditions) than other households did in Los Angeles. Almost all (93 percent) of large renter-households experienced housing problems.

Seniors, particularly those with disabilities, often face increased difficulty in finding housing accommodations or face targeted evictions. Their low-income status limits their ability to balance the need for housing and other necessities such as healthcare.

Single-parent households are likely to have special needs for housing near day care and recreation facilities and to have access to public transportation. Households headed by females are especially likely to need assistance because women continue to earn less on average than men do in comparable jobs. Low income female-headed households with children experience additional burdens when combined with limited transportation resources.

Fair housing choice for **persons with disabilities** may be compromised based on the nature of their disability. While housing discrimination is not covered by the Americans with Disabilities Act (ADA), the Fair Housing Act prohibits housing discrimination against persons with disabilities, including persons with HIV/AIDS. Persons with physical, mental, and developmental disabilities often require special housing to accommodate their conditions, and may face discrimination in the housing market.

Persons with HIV/AIDS face an array of barriers to obtaining and maintaining affordable, stable housing. For many, the persistent shortage of stable housing is the primary barrier to consistent medical care and treatment. Many people face illegal eviction from their homes when their illness is exposed.

E.5.2 Lending Practices

One of the key aspects of fair housing choice is equal access to credit for the purchase or improvement of a home. Using Home Mortgage Disclosure Act (HMDA) data, the AI reviews the lending practices of financial institutions and the access to financing for all households, particularly minority households and those with very low- or low- incomes. The AI also examines lending patterns in low and moderate-income neighborhoods and areas of minority concentration. Both conventional and government-backed loans were examined.

E.5.3 Public Policies

Public policies may affect the pattern of housing development, the availability of housing choices, and access to housing. The AI reviews the various policies that may impact housing choices in Los Angeles. Policy and planning documents adopted by the City and associated agencies were reviewed to evaluate the potential impediments to fair housing choice and affordable housing development, including local municipal, building, occupancy, health, and safety codes.

E.5.4 Current Fair Housing Profile

Implementation of fair housing practices is achieved through a network of realtors, apartment associations, housing associations, fair housing providers, and the courts. The AI provides an overview of issues identified by residents and service providers via interviews and surveys; institutional structure of the housing industry and how they may impact fair housing; and fair housing services available to residents.

E.6 Impediments and Recommendations

5.6.1 Impediments

Impediments identified can be grouped into private sector impediments induced by market conditions and socioeconomic characteristics, and public sector impediments resulted from regulations, policies, and procedures. When identifying recommendations, this AI focuses on actions that are directly related to fair housing issues and can be implemented within the resources and authority of the participating jurisdictions, as well as within the five-year timeframe of this AI. General recommendations, such as supporting the efforts of other agencies or enhancing affordability, are not included.

Access to Financing

- **Conventional home loan financing, income:** Approval rates were highest among the upper-income applicants and lowest among lower-income applicants. The ability of lower-income households in accessing financing is an ongoing housing affordability issue, but not a fair housing issue per se.

- **Conventional home loan financing, race/ethnicity:** White, Joint, and Asian applicants had the highest approval rates throughout the City while Black applicants consistently had the lowest approval rating. Additionally, approval rates vary widely among ethnic groups within the same income categories. Black and Hispanic applicants frequently received the lowest approval rate regardless of income.

- **Government-backed loans**: Overall applications for government-backed loans were relatively low for most ethnicities. One exception is Hispanics who are overrepresented in the applicant pool.

- **Lenders**: Approval rates differ significantly between lenders in Los Angeles, with the largest discrepancy at 34 percentage points.

- **Subprime lending activity:** This AI found that loan applicants in the Harbor Area had significantly higher approval rates by subprime lenders than all lenders as a whole.

  According to HUD's 2000 analysis of HMDA data for Los Angeles County, minorities and residents of low-income neighborhoods are more likely than others to receive loans on the subprime market. UCLA studies also found evidence of a relationship between subprime lending and low-income, highly tax-delinquent areas with many elderly and minority residents. It was also found that African-Americans are approximately twice as likely as White applicants to refinance on the subprime market.

- **Purchased loans**: In recent years, the practice of selling mortgage loans by the originators to other lenders is prevalent. Allegations have been made that predatory lending is more likely to occur with this practice. Within the City's Neighborhood Service Areas, the percentage of loans purchased ranged as high as 43 percent in the North Valley area. Among racial groups, Blacks had the highest percentage of loans purchased, with 17.1 percent, followed closely by Hispanics with 16.9 percent.

Public Policies

- **Zoning:** Despite the apparent capacity of the City to accommodate additional housing for all income and special needs groups, a study prepared in 2000 concludes that most of the available development capacity is in small parcels that would be difficult to assemble for feasible residential projects and that differences in building code requirements for commercial and residential development could impede mixed-use projects in commercial areas.

- **Regulations Affecting Housing Choice for Special Needs Groups:** According to a study prepared for the Los Angeles Housing Department, the City's zoning code contains several potential impediments to fair housing choice. These potential impediments include definitions affecting occupancy of housing; use definitions; and reasonable accommodations for persons with disabilities. Additionally, recovery homes are currently not permitted within 600 feet of a school.

- **Section 8 vouchers:** Long waiting periods for assistance are common since demand often exceeds the limited resources available. The financial incentives to participate in the Section 8 program are less attractive in a tight housing market than in a housing market with high vacancy rates. Primarily in economically depressed neighborhoods, where the housing and neighborhood conditions are less than ideal, would voucher recipients likely find rental units that accept voucher payments. Researchers have also found that owners accepting Section 8 vouchers prefer senior households to families. This practice creates a potential fair housing concern.

- **Coordination with Housing Authority:** Housing Authority monitors only fair housing issues covered by Federal law. State protected classes are often not listed on Housing Authority materials. There have been complaints that the Housing Authority is non-responsive with regard to fair housing complaints.

Fair Housing Services

- **Need for expanded capacity:** The City's geography and dense population make outreach and assistance to all residents difficult. The community outreach meetings conducted for the report revealed that residents are oftentimes simply unaware of their rights and do not know where to begin when they feel they have been discriminated against. There appears to be a need for additional fair housing service capacity in order to reach more residents and provide more comprehensive service.

- **Need for increased assistance to homebuyers**: Fair housing services often focus more on the rental market and less on the home purchase market. Although the majority of housing discrimination cases typically arise from rental situations, there are indications that potential homebuyers have experienced discrimination as well.

- **Limited number of fair housing service providers**: Only three fair housing service providers serve the entire County of Los Angeles – Housing Rights Center, Fair Housing Council of San Fernando Valley, and Fair Housing Foundation. Each of these three fair housing councils provides services for specific regions within the County. The limited number of qualified fair housing service providers offers little choice for the City.

5.6.2 Actions

While the AI identifies a number of potential issues, certain issues are beyond the ability of a local jurisdiction to address, such as those related to lending practices. The actions identified below represent those that can be feasibly addressed by the City.

Housing and Household Characteristics

Reasonable Accommodation Ordinance: In response to the increased concern over housing problems faced by persons with disabilities, the City prepared the draft Reasonable Accommodation Ordinance that outlines provisions for reasonable accommodation and the process and procedure for requesting accommodation and zoning changes. The Ordinance also addresses most of the impediments identified in the November 2002 Fair Housing Impediments Study by Mental Health Services, Inc. The City will:

- Pursue adoption of the Ordinance by Spring 2005.

Access to Financing

Predatory Lending Ordinance: In response to the rising concerns regarding predatory lending practices in the Los Angeles area, the City adopted the Anti-Predatory Loans Ordinance. Implementation of the Ordinance is pending, due to a similar ordinance adopted by the City of Oakland that is tied up in court. Pending the Supreme Court decision on the Oakland anti-predatory lending ordinance, the City of Los Angeles will pursue either:

- Implementation of the ordinance; or

- Further investigation into the establishment of such an ordinance to curb predatory lending practices in the City.

Public Policies

Affordable housing policies and incentives: Many of the City's fair housing issues, particularly those faced by renters, stem from a lack of affordable housing choice for lower income households. The shortage of affordable housing is not a fair housing concern in itself; however, this situation created a market condition that is conducive to discriminatory practices. With an abundance of willing takers and short housing supply, landlords are more likely to discriminate and screen out "undesirable" tenants.

In addition to providing direct subsidies for the construction of affordable housing using a variety of funding sources (e.g. HOME, CDBG, HOPWA, and redevelopment housing set-aside funds), the City may consider developing appropriate incentives and policies to expand affordable housing opportunities. The City may explore the following options:

- Inclusionary housing policy (under study);
- Commercial linkage fees;
- Use of City-owned vacant/underdeveloped properties for affordable housing; and/or
- Incentives to consolidated small lots for affordable housing.

Improve coordination with Housing Authority: As an agency receiving HUD funds, the Housing Authority of the City of Los Angeles (HACLA) is also required to actively further fair housing choice through: 1) completion of an Analysis of Impediments to Fair Housing Choice; 2) Actions to eliminate identified impediments; and 3) Maintenance of fair housing records. HACLA is responsible for conducting its own AI to evaluate impediments specific to the agency. However, as part of the City's AI, impediments relating to the policies, procedures, and operation of HACLA have been identified. The City should coordinate with HACLA to address the following:

- Address findings in HACLA's AI that relate to larger City policies, procedures, and operation;
- Coordinate the distribution of fair housing materials that cover not only the federal but also the State protected classes; and
- Arrange with the fair housing service providers to offer fair housing education workshops with Section 8 and public housing residents.

Fair Housing Services

Fair housing services review: In order to better design a fair housing program that addresses the specific needs of residents, the City should periodically review the scope of work for fair housing services.

Reporting on fair housing services should not only focus on "outputs" but also "outcomes" of services. Outcome-based performance measures allow the City to better evaluate the cost effectiveness of various service components. For example, instead of reporting outreach efforts based on the number of pieces of literature distributed or number of presentations made, reporting should include information on increased reporting as a result of outreach efforts.

Another concern regarding fair housing services is the lack of qualified comprehensive fair housing service providers in the region. Over the long term, lack of competition may potentially lead to decreased levels of services, responsiveness, and accountability.

Discussions with the fair housing service providers indicate that the appropriate scope of work is often a balance between needs and funding availability. If funding is available, the fair housing service providers recommend the following areas of improvements/additional services:

- Proactive outreach to immigrant communities, persons with disabilities, and gay/lesbian/transgender/bisexual persons
- Increased budget for sales audits
- Technology improvements
- Special study to evaluate the effectiveness of outreach approaches

To improve fair housing services, the City should:

- Initiate a comprehensive review of its contract requirements for providing fair housing services.
- Establish quantitative and qualitative performance measures and research into comparable cities' fair housing services.
- Consider expanding scope of work for future years to address discriminatory practices in the homebuying process. Specifically, audits/testing may need to be performed periodically for home sales and lending.
- Restructure its RFP for fair housing services to allow for more competition in proposals from service providers in order to expand capacity.
- Continue the Don't Borrow Trouble Campaign.

Since the mid-1980s, CRA has committed between 40 to 50 percent of its resources to providing affordable housing for low and moderate income residents, well above the minimum requirements of state law. The CRA also established several citywide housing programs to ensure that the benefits of redevelopment assist low and moderate income residents throughout Los Angeles.

5.1.5 Zoning

Capacity to Accommodate Additional Housing

Each of the land use designations set forth in the City's General Plan corresponds to one or more of the zoning districts established in the Zoning Code. The density requirements specified in the Zoning Code adhere to the General Plan Land Use Element. The City's zoning districts allow for a variety of housing types and densities, from agricultural residential at less than one dwelling unit per acre to high density at over 200 dwelling units per acre.

Table 5-4 summarizes the adjusted remaining dwelling unit development potential reported by the City in 1994. Between January 1, 1994 and January 1, 2004, 33,190 additional dwelling units were constructed in Los Angeles, at least 14,191 units through low density residential land use categories, 15,123 units in the low to medium density categories, and 3,876 units in the medium to high categories.[2] The amount of housing construction over the past ten years represented about six percent of the City's remaining residential development capacity as of 1994. Over 40 percent of the City's remaining housing development potential is in zoning categories that permit densities greater than 54 dwelling units per acre, while an additional 47 percent is in zoning districts permitting multi-family residential densities between 8 and 28 dwelling units per acre. Single-family residential land at densities of less than eight units per acre adds another 10 percent to the City's sites inventory. With a few exceptions, each of the subregions has residential development potential for all housing types (low through high density).

Despite the apparent capacity of the City to accommodate additional housing for all income and special needs groups, a study prepared in 2000 concludes that most of the available development capacity is in small parcels that would be difficult to assemble for feasible residential projects and that differences in building code requirements for commercial and residential development could impede mixed-use projects in commercial areas.[3]

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[2] California Department of Finance, E-5 report. Assumes an approximate correspondence between housing types (for example, single-family detached) and a density range typically associated with that housing type.

[3] "In Short Supply: Recommendations of the Housing Crisis Task Force," May 2000, page 10.

Table 5-4: Remaining Dwelling Unit Capacity by Subregion

Subregion (MEIR Area)	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[3]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) < 28 du/ac	(g) Total Capacity (c)+(f)
NELA	3,595	0	3,595	31,977	0	31,977	35,572
South LA	3,321	0	3,321	63,133	0	63,133	66,453
Metro Center	23,160	4,398	27,558	29,887	4,678	34,565	62,123
SW LA	1,463	15,130	16,593	19,979	0	19,979	36,571
Central	1,789	30,374	32,163	105	1,431	1,536	33,699
SW Valley	1,711	0	1,711	23,389	2,938	26,327	28,038
NE Valley	2,563	4,244	6,806	19,623	16,563	36,186	42,992
NW Valley	30,115	9,776	39,891	16,521	2,440	18,960	58,851
SE Valley	17,907	23,119	41,025	7,446	11,604	19,050	60,075
West LA	2,223	25,531	27,754	2,905	15,616	18,521	46,275
Harbor	7,502	15,365	22,867	36,461	529	36,990	59,857
TOTAL	**95,346**	**127,937**	**223,283**	**251,425**	**55,798**	**307,223**	**530,506**
%	**18.0%**	**24.1%**	**42.1%**	**47.4%**	**10.5%**	**57.9%**	**100.0%**

du/ac = dwelling units per acre

1. Assuming that the adjustment factor is 30% in Commercial Zones and 80% in Residential Zones.
2. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
3. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

Definition of Family

Local governments may restrict access to housing for households failing to qualify as a "family" by the definition specified in the zoning ordinance. Even if the code provides a broad definition, deciding what constitutes a "family" should be avoided to prevent confusion or give the impression of restrictiveness. Furthermore, Landlords or property owners may refuse to rent or sell units to households not meeting the definition of family.

The City's Zoning Code defines "family" in a potentially restrictive manner that could limit the number of unrelated individuals from sharing housing. The City's Zoning Code defines a "family" as:

> *An individual or two or more persons related by blood or marriage, or a group of not more than 5 persons (excluding servants) who need not be related by blood or marriage, living together in a dwelling unit, except that there may be up to 4 foster children, 16 years of age or under, where the total number of persons living in a dwelling unit does not exceed 8 and providing the keeping of the foster children is licensed by the State of California as a fulltime foster care home.*

California court cases[4] have ruled that an ordinance that defines a "family" as (a) an individual, (b) two or more persons related by blood, marriage or adoption, or (c) a group of not more than a certain number of unrelated persons as a single housekeeping unit, is invalid. These cases have explained that defining a family in a manner that distinguishes between blood-related and non-blood related individuals does not serve any legitimate or useful objective or purpose recognized under the zoning and land planning powers of the City, and therefore violates rights of privacy under the California Constitution. A zoning ordinance also cannot regulate residency by discrimination between biologically related and unrelated persons.

In general, the City's definition of "family" has the potential to discriminate non-traditional families such as gay and lesbian couples, or certain cultures that prefer living with extended family members and friends. Specific impediments to housing for persons with disabilities presented by this definition are discussed in Section 5.1.6.

Alternative Housing Types that Can Expand Housing Choice

The Los Angeles Zoning Code defines several alternative housing types that increase housing choices for special needs groups and lower-income residents of Los Angeles.

Secondary (Accessory) Living Units: Under the requirements of state law, the City is required to permit second units in all residential zones that allow single-family homes according to an administrative permit process. The City permits secondary dwelling units in single-family zones by right provided certain conditions are made. The required conditions vary by zone but relate primarily to minimum lot size and lot width, kitchen facility, adjacent land use, and height limit.

Factory-Built Homes, Mobilehomes, and Mobilehome Parks: State law requires factory built homes and mobilehomes complying with the federal Manufactured Housing Construction and Safety Standards Act of 1974 and that are installed on a permanent foundation be permitted on any parcel on which the City allows conventional single-family homes that are built on site and under the same development standards as the "site-built" homes. Mobilehome parks are permitted in the City's Residential Mobilehome Park district.

Shelter for the Homeless: The City permits homeless shelters in R-4, R-5, and C-2 through CM zones. The Housing Element indicates significant development capacity in these zones to accommodate residential uses and facilities, including homeless shelters, although most sites with development capacity are either small, vacant sites that are difficult to develop, or underused sites that require redevelopment.

Boarding or Rooming Houses: The City permits boarding and rooming houses in R-3 through R-5 zones and in all commercial zones. These provisions of the City's Zoning Code greatly expand housing opportunities for individuals who cannot afford, or who may prefer the benefits of, a boarding or rooming home over a conventional dwelling unit.

[4] *City of Santa Barbara v. Adamson* (1980) and *City of Chula Vista v. Pagard* (1981), among others.

5.1.6 Impacts of Land Use and Zoning Regulations and Practices on Housing for Persons with Disabilities

In 2002, the City of Los Angeles commissioned Mental Health Advocacy Services, Inc. to conduct a fair housing impediments study to review the City's Zoning Code and identify land use and zoning regulations, practices, and procedures that serve to impede the development, siting, and use of housing for persons with disabilities.[5] Specifically, the study focused on the following aspects:

- The Zoning Code's definition of "family" may illegally restrict the residential zones in which housing for persons with disabilities may be located; and
- The use of a variance process for the siting of housing for persons with disabilities in all residential zones except in high density multi-family residential zones; and
- The lack of a reasonable accommodation procedure to relieve housing for persons with disabilities from strict compliance with land use and zoning regulations and practices.

Much of the following discussion is summarized from the *Fair Housing Study: How Land Use and Zoning Regulations and Practices Impact Housing for Individuals with Disabilities*, by the Mental Health Advocacy Services, Inc.

Impediments Related to the Definition of "Family"

As discussed earlier, the City's Zoning Code definition of "family" could restrict the number of unrelated individuals, including individuals with special needs, from sharing housing. This definition of "family" has led to a number of fair housing impediments either directly in the Zoning Code or indirectly in the interpretation (practice) of the Code.

Zoning Code Impediment: Potential Discrimination against Unrelated Persons Living together

The City's definition of "family" infringes upon the privacy rights of unrelated persons to live together. A restrictive definition of "family" may illegally limit the development and siting of group homes for persons with disabilities but not the housing for families that are similarly sized or situated.

Practice Impediment: Consideration of Personal Characteristics in Land Use and Zoning Decisions

The Zoning Code should regulate based on the type of housing, but fair housing laws prohibit land use and zoning decisions be based on certain personal characteristics of the residents, including that they are individuals with disabilities. In implementing the Code, the City distinguishes between a congregate living arrangement for individuals with disabilities in recovery from that for elderly individuals, many of whom have disabilities.

[5] Fair Housing Impediments Study: How Land Use and Zoning Regulations and Practices Impact Housing for Individuals with Disabilities. Kim Savage, Mental Health Advocacy Services, Inc., November 2002.

Practice Impediment: Restrictions Imposed on Households More than Six Individuals with Disabilities

California law does not require a Conditional Use Permit for housing for individuals with disabilities. The Community Care Facilities Act requires that local jurisdictions in their zoning regulations treat residential care facilities for six or fewer individuals with disabilities as a single family for purposes of siting. However, most jurisdictions in California interpret this act as allowing the imposition of restrictions on residential care facilities for more than six persons. While under the Fair Housing Act, jurisdictions may have reasonable restrictions on the maximum number of occupants permitted to occupy a unit, the restrictions cannot be based on the characteristics of the occupants. Rather, the restrictions must apply to all residents and are based on health and safety standards. Therefore, imposing restrictions on community care facilities for six or more persons with disabilities violates the Fair Housing Act.

Practice Impediment: Mischaracterization of Housing for Individuals with Disabilities

The City has a general practice of determining that housing for more than six individuals with disabilities as a boarding or rooming house or hotel use that is permitted by right only in high density multi-family residential zones. In order for a boarding or rooming house to be located in lower density residential zones, a variance must be obtained from the City. A hotel use is not permitted in any residential zone. Therefore, the practice of categorizing housing for more than six individuals with disabilities as a boarding or rooming house or hotel use has the effect of denying housing opportunities for individuals with disabilities in violation of fair housing laws.

Practice Impediment: Mischaracterization of Housing with Supportive Services on Site for Residents with Disabilities

There is a common view that housing for individuals with disabilities is a commercial use because the residents pay to live in a group living arrangement and receive medical care and other assistance on site. This interpretation subjects such housing to commercial land use and zoning regulations and often, a business license. However, a single family engages in comparable management functions (e.g., gardener or housekeeper) is not subject to the same regulations. A practice or regulation that treats housing for individuals with disabilities as a commercial use when the same determination is not applied to similarly situated and functioning families singles out individuals with disabilities in a discriminatory manner.

Impediments Related to the Lack of a Fair Housing Reasonable Accommodation Procedure and the Variance Process

Both State and federal fair housing laws mandate provisions for reasonable accommodation for housing for persons with disabilities. The State Housing Element law also requires that local jurisdictions address constraints to housing for persons with disabilities, including the provision of reasonable accommodation.

Zoning Code Impediment: Lack of a Fair Housing Reasonable Accommodation Procedure

The City has a duty to provide reasonable accommodation in land use and zoning regulations and practices to individuals with disabilities. However, the City lacks an established procedure to comply with this requirement, potential denying housing opportunities for individuals with disabilities.

Zoning Code Impediment: Variance Process is Overused for Siting Housing for Individuals with Disabilities

The City's Zoning Code permits housing for individuals with disabilities for more than six persons by right only in the R3 and higher density multi-family residential zones. A variance process is used for siting housing for individuals with disabilities in lower density residential zones. Typically, use of a variance requires the applicant prove "hardship" based on certain unique characteristics of the property. Most jurisdictions use the Conditional Use Permit (CUP) process, which requires a showing that the proposed use will not negatively impact the surrounding properties. While both the variance and CUP processes may serve to impede housing for individuals with disabilities, the CUP process may be more appropriate in some instances. Specifically, a variance is granted on the basis of the physical characteristics of the property, and therefore does not constitute a compliance with the reasonable accommodation requirement which considers the disabilities of the residents.

Impediment Related to the Siting of Treatment Programs for Individuals with Disabilities

The California Welfare and Institution Code provides that any zone in which hospitals or nursing homes are permitted either by right or via a CUP process, mental health treatment programs (both inpatient and outpatient) are permitted.

Zoning Code Impediment: Distinguishing, for Purposes of Siting Restrictions, between Types of Treatment Facilities Based on Service to Individuals with Disabilities

The City's Zoning Code makes distinction between treatment facilities based on service to individuals with disabilities. Treatment facilities that serve individuals with contagious diseases, mental disabilities, or drug or alcohol substance abuse problems are prohibited from locating in any residential zone unless a variance is obtained from the City. They are permitted by right in the C2 zone.

In contrast, treatment facilities that do not serve those with contagious diseases, mental disabilities, or drug or alcohol substance abuse problems are permitted by right in R5 and via a CUP in R2, RD, R3, and R4. They are also permitted by right in C1, C1.5, and C2 zones.

Zone Code Impediment: Prohibition against Locating Treatment Programs for those with Disabilities within 600 feet of Schools

The State has imposed a 300-foot spacing requirement between licensed residential care facilities, but local jurisdictions have the option to waive the requirement. However, the City Zoning Code prohibits the siting of a hospital, sanitarium or clinic for mental, or drug or liquor addict cases within 600 feet of a school. This prohibition singles out

individuals with disabilities, those with mental disabilities, and those in recovery for substance abuse. This restriction violates State fair housing laws with regard to residential clinics or ADA with regard to non-residential uses, as well as the Welfare and Institution Code that requires mental health treatment programs be permitted in any zone where hospitals and nursing homes are permitted.

Impediment Related to Political Influence

Practice Impediment: In Land Use and Zoning Decision-Making and Funding Approval for Housing for Individuals with Disabilities, Political Concerns are Given Too Much Weight

The City's Area Planning Commissions (APCs) and Neighborhood Councils are intended to make government more localized and increase neighborhood involvement in decision-making. However, both systems have the potential for cultivating "Not-In-My-Backyard" (NIMBY) opposition to the development, siting, and use of housing for persons with disabilities (see further discussions under Section 5.7, Community Participation). APC members are political appointees with substantial authority in land use and zoning decision-making. Neighborhood Councils have the ability to use early notification system to communicate and gather community opposition to housing projects.

City Response

To address the constraints identified by the Fair Housing Impediment Study, the City proposed to adopt a Reasonable Accommodation Ordinance. As adopted, the Ordinance would achieve the following:

- Establish a standard procedure for requesting reasonable accommodation.
- Revise the definition of "family" in the Zoning Code to read "one or more persons living together in a dwelling unit, with common access to, and common use of all living, kitchen, and eating areas within the dwelling unit."
- Remove the distinction between treatment facilities based on service to individuals with disabilities for land use and zoning purposes.

5.2 Rent Stabilization

The Los Angeles City Rent Stabilization Ordinance (RSO), adopted in 1979 as Chapter XV of the Los Angeles Municipal Code, is intended to safeguard tenants from excessive and unjustified rent increases and unfair evictions. The City Council designed the law to protect tenants from excessive rent increases while allowing the landlords a reasonable return on their investment. Rental units subject to the Ordinance, and which must be registered, include: apartments, condominiums, townhouses, duplexes, two or more dwelling units on the same lot, mobile homes, mobile home parks, and rooms in a hotel, motel, rooming house or boarding house occupied by the same tenant for 30 or more consecutive days.

The Rent Stabilization Ordinance addresses allowable rent increases, the registration of rental units, the 12 legal reasons for eviction, and the causes for eviction requiring