

TRANSMITTAL

To:

THE COUNCIL

Date:

OCT 24 2012

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Mercedes Marquez) for

ANTONIO R. VILLARAIGOSA

Mayor



CODE ENFORCEMENT DIVISION

Los Angeles Housing Department

LAHD

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OFFICE OF THE MAYOR
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Antonio R. Villaraigosa, Mayor

Mercedes M. Márquez, Interim General Manager

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CITY OF LOS ANGELES

October 10, 2012

Council File: New
Council District: Citywide
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Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO AMEND SECTION 163.03(D) OF THE LOS ANGELES MUNICIPAL CODE (LAMC) RELATIVE TO PROPERTIES VACATED AS A RESULT OF EXTENSIVE AND SERIOUS CODE VIOLATIONS TO AUTHORIZE THE ADVANCE OF TENANT RELOCATION BENEFITS UP TO \$100,000 PER PROPERTY

SUMMARY

The Los Angeles Housing Department (LAHD) administers the Tenant Relocation Inspection Program pursuant to guidelines set forth in LAMC Section 163.00 et seq. Provisions under Chapter XVI, Article 3 "Tenant Relocation Assistance Program" of the Housing Code entitle tenants, who are displaced or subject to displacement from residential rental units as a result of a vacate order issued by an Enforcement Agency (Department of Building and Safety, Fire or Housing) due to severe code violations that endanger the tenants' immediate health and safety, to relocation benefits payable by the landlord.

When a property owner fails to make relocation payments to the affected tenants in a timely manner, LAMC Section 163.03(D) authorizes the General Manager of the Enforcement Agency to intervene and advance relocation benefits payments directly to tenants and subsequently pursue recovery of the amount advanced and administrative costs and penalties from the landlord. When the benefit amount exceeds \$50,000 per property, Mayor and Council approval is required to advance funds to displaced tenants.

The \$50,000 ceiling amount has not changed since it was established by ordinance in 2003, and has not kept pace with increasing relocation benefit amounts paid to tenants. Since the establishment of the program, relocation benefit amounts have increased from \$2,000 and \$5,000 per tenancy in 2003, depending on factors

such as single versus family or disabled status, to \$9,850 and \$18,650 per tenancy in 2012. The Department may now exceed the \$50,000 ceiling when ordering the vacation of as few as three to four units at a property, whereas in the past, the Department could vacate 10 to 15 units without exceeding the ceiling amount when the relocation amounts were lower.

LAHD respectfully requests authority to amend certain provisions within Chapter XVI, Article 3 of the Los Angeles Municipal Code (LAMC) relative to the Tenant Relocation Assistance Program established by Ordinance No. 175156 on April 17, 2003. This report transmits for Mayoral and Council consideration a draft ordinance amending Section 163.03(D) of the Housing Code to authorize the LAHD General Manager to advance monies not to exceed \$100,000 per property to facilitate the timely disbursement of funds to displaced tenants (Attachment A).

RECOMMENDATIONS

The General Manager of LAHD respectfully requests:

- A. That your office schedule this transmittal at the next available meeting(s) of the appropriate City Council Committee(s) and schedule for consideration of the full City Council immediately thereafter; and
- B. That the Council, subject to the approval of the Mayor:
 1. INSTRUCT the Los Angeles Housing Department to work with the City Attorney to amend the Los Angeles Municipal Code pursuant to the recommendations contained in this report and summarized below:
 - Increase the ceiling amount of tenant relocation benefits the General Manager of the Los Angeles Housing Department is authorized to advance per property from \$50,000 to \$100,000

BACKGROUND

In October 2001, the State passed AB 472, known as the Cedillo Bill, requiring property owners to pay relocation benefits when a local enforcement agency vacates tenants due to health and safety code violations that are within the control of the landlord to repair. Events beyond the landlord's control such as fires and natural disasters were excluded from the Cedillo provisions. The Cedillo Bill also authorized local jurisdictions to advance relocation benefits and later seek recovery when the property owner fails to pay relocation assistance.

In March 2002, the City enacted Ordinance #174477 to provide interim guidelines for implementation of the Cedillo Bill, which set forth relocation benefit amounts at \$2,000 or \$5,000, depending on the status (i.e. single versus family, disabled or elderly) of tenants who were vacated due to code violations not remedied by the property owner. The Department was not authorized to expend funds without obtaining Mayor and Council approval.

In April 2003, the City adopted final Ordinance #175156 adding Article 3 to Chapter XVI of the LAMC to establish the Tenant Relocation Assistance Program, which replaced the interim ordinance. The guidelines governing relocation assistance underwent modifications. As a result, the General Manager of the Enforcement Agency was authorized to advance up to \$50,000 per property without Mayor and Council approval to improve the processing time of code violation Vacate Orders.

In 2004, the City Council adopted Ordinance #175980, which increased the relocation amounts to \$3,200 and \$8,000 and provided that these amounts are to be adjusted annually in accordance with Section 151.06 of the Rent Stabilization Ordinance (RSO). Ordinance # 178632 further amended the relocation amounts to comport with the amounts set in 151.09.G of the RSO. Beginning July 1 2012, the maximum benefit amounts are set at \$9,850 and \$18,650 per tenancy.

The LAHD has administered the Tenant Relocation Assistance Program pursuant to the guidelines set forth in LAMC Section 163.00 et seq. for nearly a decade and is entering its 10th program year. Funding is provided by the Housing Department's Municipal Housing Finance Fund with \$500,000 allocated annually for the program. For Fiscal Year 2011-12, the Department has issued vacate orders for 19 properties due to extensive and serious unresolved code violations, and advanced a total of \$548,600 for 11 of these properties, affecting 43 rental units. Property owners paid the relocation benefits for the remaining eight properties.

DISCUSSION

As the program matured, one major difficulty surfaced: time delays related to the advance of benefit funds. Any advance of money that exceeds \$50,000 per property requires a Council Motion and City Council and Mayor approval. It may take several weeks to process the motion through committee and obtain Council approval. The City Controller is unable to generate the individual checks for tenants until the Mayor concurs with the Council action. Meanwhile, the tenants must continue to live in hazardous and unsafe conditions where there may be an imminent danger to their health and safety.

The \$50,000 per property ceiling amount has not been increased since it was established in 2003; however, by ordinance, the tenant relocation assistance amounts are mandated to comport with the amounts prescribed by the RSO. Over the last decade, the relocation benefit amounts have increased, and these amounts will continue to out pace the amount the Department is authorized to advance without Mayor and Council approval.

About one-third of the properties vacated by LAHD in Fiscal Year 2011-12 for extensive and serious code violations exceeded the \$50,000 threshold. In the past, the Department could vacate 10 to 15 units without exceeding the ceiling amount when the relocation amounts were significantly lower.

The ceiling amount has hampered the Department's ability to disburse funds in a timely manner to some of the City's most vulnerable residents: families below poverty level with small children and elderly or disabled residents. Delays in making relocation benefits available prolong tenants' exposure to substandard and unsafe living conditions longer than necessary.

The LAHD requests authority to advance relocation benefits up to \$100,000 per property to correspond with the current relocation benefit amounts and to prevent delays in the timely advancement of relocation benefit

funds to tenants. This would significantly shorten the time necessary to make such benefits available to tenants who need them, as well as, reduce Departmental administrative costs.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The LAHD's Municipal Housing Finance Fund provides funding for tenant relocation benefit advancements. The LAHD bills the owner to recover funds advanced to tenants plus penalty fees, and will record a lien against the property on the County of Los Angeles Secured Tax Roll for non-payment.

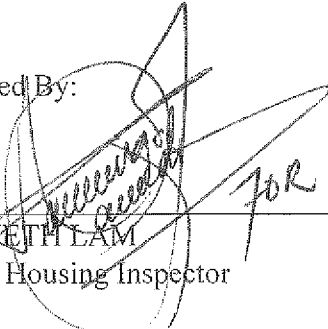
Attachment: Draft ordinance amendment of LAMC Section 163.03(D)

Prepared By:



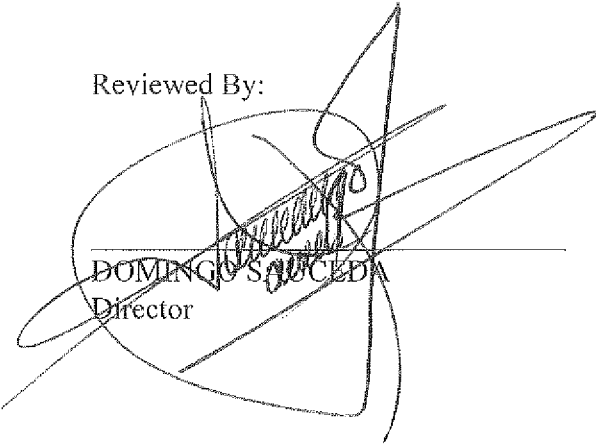
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Senior Housing Inspector

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DOMINGO S. SUCEDA
Director

Reviewed By:



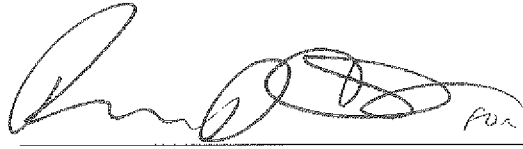
ROBERTO ALDAPE
Assistant General Manager

Reviewed By:



RUSHMORE CERVANTES
Executive Officer

Approved By:



MERCEDÉS MÁRQUEZ
Interim General Manager

ORDINANCE NO. _____

An ordinance amending Section 163.03 Subsection (D) of the Los Angeles Municipal Code relating to the Tenant Relocation Assistance Program of the City of Los Angeles

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

SEC. 163.03.RESPONSIBILITIES OF ENFORCEMENT AGENCY.

Section 1. Section 163.03 Subsection (D) of the Los Angeles Municipal Code is amended to read:

D. Where the landlord fails, neglects, or refuses to comply with an order to pay relocation benefits, the City, acting through the General Manager of the Enforcement Agency, may advance relocation benefits to displaced tenants and recover the advanced amount, penalties and costs from the landlord. If the total amount of relocation benefits advanced pursuant to Section 163.05 exceeds \$100,000 per property, the General Manager must obtain the concurrence of the Mayor and City Council before advancing benefits to displaced tenants. The landlord shall be liable to the City of Los Angeles for reimbursement of the relocation benefits plus a penalty in the amount of one-half of the benefits paid, not to exceed \$10,000, and the costs of the Enforcement Agency as set forth in California Health and Safety Code Section 17975, *et seq.* (Sentence Amended by Ord. No. 181,744, Eff. 7/15/11.) The City may collect the reimbursement, penalties and costs in the manner set forth in that section, including the imposition of a lien on the property.