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CITY ATTORNEY

REPORT NO. R 1 6 - 0 3 4 2
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REPORT RE:

**DRAFT ORDINANCE AMENDING SECTION 19.14 OF THE LOS ANGELES
MUNICIPAL CODE TO ESTABLISH FEES AND EXEMPTIONS THEREFROM FOR
THE PREPARATION, ENFORCEMENT, MONITORING AND ASSOCIATED WORK
RELATING TO AFFORDABLE HOUSING COVENANTS**

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

Council File No. 13-0413

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance amends Section 19.14 of the Los Angeles Municipal Code (LAMC) to establish fees for the preparation, enforcement and monitoring of affordable housing covenants and provides for exemptions from various fees for those new projects that are subject to an affordable housing covenant wherein at least 50% of the units are restricted for use as permanent supportive housing.

Background and Summary of Ordinance Provisions

LAMC Section 19.14 was intended to establish those fees which the Los Angeles Housing and Community Investment Department (Department) could charge owners in order to recover the costs associated with the preparation, enforcement and monitoring of various affordable housing covenants. However, the specific fees were omitted. Over the years, the Department has subsidized the cost of providing these services by using Community Development Block Grant (CDBG) and HOME funds, which, due to increasing demand for funding, is no longer a viable option. Therefore, the Department

has completed a fee study in support of the fees reflected in the accompanying ordinance.

As requested, in order to ensure that the fees do not discourage the development of affordable housing, the draft ordinance includes exemptions from the initial covenant preparation fee, monitoring fees and filing fees for those new projects subject to an Affordable Housing Covenant wherein at least 50% of the units are restricted for use as permanent supportive housing.

Fiscal Impact Statement

Because the grant of fee exemptions will result in less than full cost recovery, funds from the General Fund may be needed to partially subsidize the cost of the services at issue. The Department is unaware of how many permanent supportive housing projects are pending, and therefore it cannot provide an estimate of how much the General Fund may be impacted.

CEQA Findings

The California Environmental Quality Act (CEQA) does not apply to continuing administrative activities, such as a general procedure which makes or creates a government funding mechanism or other fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant environmental impact. Pub. Res. Code Section 21065 and State CEQA Guideline Section 15378(b)(4). This ordinance amends LAMC Section 19.14 by enacting various regulatory fees and does not commit the City to any specific project that may result in a potentially significant environmental effect. On that basis, the proposed ordinance does not constitute a project and is therefore not subject to CEQA.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Housing and Community Investment Department with a request that all comments be presented directly to City Council when this matter is heard.

If you have any questions regarding this matter, please contact Deputy City Attorney Mei-Mei Cheng at (213) 978-0055. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM:MMC:vw
Transmittal