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CITY ATTORNEY

REPORT NO. R 17 - 0099

MAR 31 2017

REPORT RE:

**DRAFT ORDINANCE AMENDING SECTIONS 151.09 AND 151.22 THROUGH 151.28
OF ARTICLE 1, CHAPTER XV OF THE LOS ANGELES MUNICIPAL CODE TO
MODIFY THE RENT STABILIZATION ORDINANCE RELATING TO
STRENGTHENING PROVISIONS RELATING TO THE ENFORCEMENT OF THE
ELLIS ACT AND THE PRESERVATION OF RSO UNITS**

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

Council File Nos. 14-0268-S4, 14-0268-S5, 15-0600-S36 and 15-0728

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 Sections 151.09 and 151.22 through 151.28 of Article 1, Chapter XV of the Los Angeles Municipal Code (LAMC) to modify the Rent Stabilization Ordinance (RSO) in order to strengthen provisions relating to the enforcement of the Ellis Act and the preservation of RSO units.

Background and Summary of Ordinance Provisions

California Government Code Section 7060, *et seq.*, commonly known as the Ellis Act, prohibits local jurisdictions from restricting a landlord's right to remove residential real property from the rental market. The Los Angeles City Council adopted Ordinances 177,901, effective September 29, 2006, and 178,848, effective July 16, 2007, which incorporated the Ellis Act provisions into the RSO (LAMC Sections 151.22 – 151.28) and provided that rental units constructed to replace units demolished or removed from the rental housing market and offered for rent within five (5) years would be subject to

the RSO. The 2007 amendment further provided that property owners could obtain an exemption from the RSO for the replacement units by agreeing to make a certain number of rental units affordable housing units. Over the years as the Los Angeles Housing and Community Investment Department (HCID) has gained experience in the application of the existing Ellis Act provisions, several areas were identified where the RSO could be strengthened to better inform both property owners and tenants of the applicable requirements, as well as preserve the RSO housing stock.

As requested, in order to strengthen those provisions relating to the enforcement of the Ellis Act and the preservation of RSO units, the draft ordinance includes language to address the following:

- clarifying that the City's Ellis provisions apply to all Rental Units whether they are vacant or occupied at the time of removal from the residential rental market;
- requiring owners to restart all requirements set forth in the City's Ellis provisions if there is a re-rental of Rental Units previously withdrawn;
- requiring owners to file annual property status reports with the City related to withdrawn Rental Units;
- clarifying that where an owner has demolished RSO units but did not previously comply with the requirements set forth in the City's Ellis provisions, all replacement units are subject to the RSO;
- complying with State Law to allow constraints to be filed by the City with the County Recorder's Office and prohibiting the withdrawal of residential hotel units;
- requiring owners to provide relocation services to all tenants, including those tenants that would otherwise not be entitled to relocation benefits; and
- requiring owners seeking an exemption from the RSO replacement provisions to execute and record a regulatory agreement guaranteeing a term of at least 55 years, accommodations that are affordable for low or very low income households at or below 80 percent of the Area Median Income as established by the California Department of Housing and Community Development, and a number of affordable housing units equal to the number of RSO units withdrawn on a one-for-one basis or 20 percent of all newly constructed units, whichever is greater.

CEQA Clearance

Under the general exemption provisions of the California Environmental Quality Act (CEQA) (Cal. Pub. Resources Code § 21084), HCID recommends that City Council find that the adoption of this ordinance is exempt from the provisions of CEQA under the General Rule Section 15061(b)(3) of the State CEQA Guidelines, and Article II, Section 2(m) of the City CEQA Guidelines because the adoption of this ordinance will have no physical effect on the environment.

Council Rule 38

A copy of the draft ordinance was sent pursuant to Council Rule 38 to HCID with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Robert P. Moore at (213) 473-9947. He 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:RPM:pj
Transmittal