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REPORT NO. R 17 - 0 3 4 1
OCT 03 2017

REPORT RE:

DRAFT ORDINANCE AMENDING SECTIONS 151.09, 151.22 AND 151.27 OF ARTICLE 1, CHAPTER XV; SECTION 12.95.2 OF ARTICLE 2.9, CHAPTER I; AND SECTIONS 47.06 AND 47.07 OF ARTICLE 7, CHAPTER IV OF THE LOS ANGELES MUNICIPAL CODE TO PROVIDE FURTHER PROTECTIONS TO TENANTS UNDER THE CITY'S ELLIS ACT PROVISIONS AND RELOCATION ASSISTANCE IN SITUATIONS INVOLVING A CONDOMINIUM CONVERSION

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. 14-0268-S5

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: (1) Section 151.22 of Article 1, Chapter XV of the Los Angeles Municipal Code (LAMC) to clarify the right of tenants to assert, as an affirmative defense in any unlawful detainer action, the failure of a landlord to comply with the City's Ellis Act provisions; (2) Section 151.27 of Article 1, Chapter XV of the LAMC to mirror the State's Ellis Act provisions by extending the time provided for a tenant's right of first refusal to re-rent accommodations upon a return to the residential rental market from five years to ten years from the date of withdrawal; and (3) Section 151.09 of Article 1, Chapter XV, Section 12.95.2 of Article 2.9, Chapter I, and Sections 47.06 and 47.07 of Article 7, Chapter IV of the LAMC to eliminate any exemption related to the payment of relocation assistance to individuals that may become tenants after an application to convert a building to a condominium, stock cooperative or community apartment project has been filed with the City or has already been approved.

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 Ordinance Nos. 177,901, effective September 29, 2006, and 178,848, effective July 16, 2007, which incorporated the Ellis Act provisions into the City's Rent Stabilization Ordinance (RSO) (LAMC Sections 151.22 through 151.28). Earlier this year, Ordinance No. 184,873 was adopted, effective June 4, 2017, which strengthened several areas relating to the enforcement of the Ellis Act and the preservation of RSO units. At Council's request, additional areas have been subsequently identified to provide further protections to tenants under the City's Ellis Act provisions.

As requested, the draft ordinance addresses the following:

- clarifying that, in any legal action brought by the property owner to recover possession of a rental unit withdrawn from the residential rental market pursuant to the City's Ellis Act provisions (ex., via an Unlawful Detainer action), the tenant may raise as an affirmative defense the failure on the part of the property owner to comply with one or more of the requirements set forth under the Ellis Act provisions and/or the RSO;
- clarifying that property owners, wishing to re-rent accommodations within ten years from the date the property was withdrawn from the residential rental market, shall give those tenants who have timely requested a right of first refusal to rent or lease the unit they were previously displaced from; and
- clarifying that, where a property owner has an application to convert a building to a condominium, stock cooperative or community apartment project on file with the City or where such has already been approved, all tenants, including those whose tenancy commences thereafter, shall be entitled to receive relocation assistance.

CEQA Findings

Under the general exemption provisions of the California Environmental Quality Act (CEQA) (Cal. Pub. Resources Code § 21084), the Housing and Community Investment Department (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 questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney



By

DAVID MICHAELSON
Chief Assistant City Attorney

DM:RPM:jm
Transmittal