

**GENERAL EXEMPTION, HOUSING COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION** relative to modifying the Rent Stabilization Ordinance (RSO) in order to strengthen provisions relating to the enforcement of the Ellis Act and the preservation of RSO units.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the adoption of the accompanying Ordinance is exempt from the provisions of the California Environmental Quality Act of 1970 (CEQA) under the General Rule Section 15061(b)(3) of the State CEQA Guidelines, and Article II, Section 2(m) of the City's CEQA Guidelines inasmuch as the adoption of this ordinance will have no physical effect on the environment.
2. PRESENT and ADOPT the accompanying ORDINANCE dated March 31, 2017 amending Sections 151.09 and 151.22 through 151.28 of Article 1, Chapter XV of the Los Angeles Municipal Code (LAMC) to modify the RSO in order to strengthen provisions relating to the enforcement of the Ellis Act and the preservation of RSO units.
3. REQUEST that the City Attorney, with the assistance of the Los Angeles Housing and Community Investment Department (HCIDLA), to:
  - a. Prepare and present an ordinance further amending the Ellis Act provisions of the RSO to mirror all provisions specifically allowed for under California Government Code Section 7060, et seq.
  - b. Review and report back as to whether additional remedies may be made available, or whether existing remedies may be expanded, to both the City and tenants in response to abuses and violations of the Ellis Act provisions of the RSO.
4. INSTRUCT the Department of City Planning, in consultation with the City Attorney, to report at the next meeting of the Housing Committee relative to:
  - a. The feasibility of amending the LAMC to state that demolition permits for RSO properties should not receive final clearance until the property owner has obtained approval for all discretionary and ministerial permits for new construction.
  - b. The feasibility of monitoring rental vacancy rates at the Community Plan Area (CPA) level and adopting a moratorium on condominium conversions in CPAs with vacancy rates below five percent as provided in LAMC Section 12.95.2.
  - c. Adoption of an annual cap on demolitions of RSO units based on an appropriate percentage of the RSO housing stock.
  - d. The impact of the Small Lot Subdivision Ordinance on the withdrawal of RSO units.
  - e. Disallowing conversion of RSO residential rental properties removed from the rental market through Ellis to transient use.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

## SUMMARY

Accompanying a report to Council dated March 31, 2017, the City Attorney presents Ordinance relative to modifying the RSO in order to strengthen provisions relating to the enforcement of the Ellis Act and the preservation of RSO units. The City Attorney states that the Ellis Act prohibits local jurisdictions from restricting a landlord's right to remove residential real property from the rental market. In 2006, Council incorporated Ellis Act provisions into the RSO and provided that rental units constructed to replace units demolished or removed from the rental housing market and offered for rent within five years would be subject to the RSO. In 2007, the RSO was amended to allow property owners to obtain an exemption for the replacement units by agreeing to make a certain number of rental units affordable housing units.

The City Attorney goes on to report that HCIDLA has identified several areas where the RSO can be strengthened to better inform both property owners and tenants of the applicable requirements, as well as to preserve the RSO housing stock. The accompanying Ordinance addresses HCIDLA recommendations by:

- a. 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.
- b. 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.
- c. Requiring owners to file annual property status reports with the City related to withdrawn rental units.
- d. 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.
- e. 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.
- f. Requiring owners to provide relocation services to all tenants, including those tenants that would otherwise not be entitled to relocation benefits.
- g. 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.

At its meeting held April 5, 2017, the Housing Committee discussed this matter with representatives of the HCIDLA and the City Attorney. The City Attorney's representative summarized the accompanying Ordinance amendments of the RSO. The HCIDLA representative stated that the forthcoming hosting rental housing ordinance prohibits the renting of RSO units for this purpose.


During the public comment period, tenant advocates expressed support for the Ordinance but stated that it does not go far enough to address abuses of the RSO and to protect tenants. Speakers stated that tenants are evicted for the purpose of raising the rent of their decontrolled units or to make the unit available for rent using hosting services. Violations of the RSO occur, but they are not timely investigated by the HCIDLA. Tenants are evicted and rental units are demolished before the Department acts. Tenants and tenant advocates stated that stronger enforcement is needed, such as increasing the time by which RSO provisions apply to a demolished rental unit from five years to ten.

Opponents of the Ordinance stated that it will discourage construction of new rental housing. It was stated that the Ordinance does not address the vesting of projects already permitted. An opponent stated that the Ordinance will not withstand a court challenge.

Housing Committee members discussed the need to devise remedies for illegal evictions and options for protecting tenants and keeping them in their homes if they are victims of Ellis Act abuse. Committee recommended that Council approve the accompanying Ordinance and the related environmental finding. Committee further recommended that Council request the City Attorney, HCIDLA, and the City Planning Department back regarding various other means of strengthening the City's Ellis Act related land use administrative procedures and provisions of the LAMC.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES 
KORETZ:	YES
HUIZAR:	ABSENT
PRICE:	YES
HARRIS-DAWSON:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**