

HOUSING COMMITTEE REPORT relative to strengthening the enforcement of the Rent Stabilization Ordinance (RSO) and Ellis Act provisions.

Recommendations for Council action:

1. INSTRUCT the Department of City Planning (DCP) to:
 - a. In consultation with the City Attorney, the Los Angeles Housing and Community Investment Department (HCIDLA), and the Department of Building and Safety, to report in 60 days on the potential and existing consequences of the Department of Building and Safety's current demolition issuance policy that prevents the issuance of demolition permits of multi-family residential projects until either required entitlements and plans have been approved or building permits for a new project have been obtained; the feasibility of codifying this Department of Building and Safety policy; or, the feasibility of preparing an ordinance that seeks to prevent the issuance of demolition permits of multi-family residential projects while there are pending investigation for violations of the Ellis Act and/or RSO.
 - b. Responses to the concerns raised at the Housing Committee meeting held June 21, 2017.
 - c. Work with the Department of Water and Power (DWP) to provide accurate multi-family vacancy rates by planning area.
 - d. Evaluate potential alternative vacancy data sources, and devise a protocol to ensure the latest and best information available is used in making vacancy rate determinations.
 - e. Identify a mechanism to obtain additional information from project condominium conversion applicants and work with HCIDLA to more readily share information needed for evaluating cumulative impacts of condominium projects on rental markets under this provision.
 - f. Provide staff guidance on how to best evaluate cumulative impacts on rental markets and develop model criteria.
 - g. Implement the housing replacement provisions of Measure JJJ and pursue additional one-to-one affordable housing replacement provisions for projects that obtain additional density through alternative entitlement pathways such as certain conditional use permits, eldercare facilities and public benefit procedures.
 - h. Report back in more detail on impact the Small-Lot Subdivision ordinance is having on RSO units when more information becomes available.
2. REQUEST the City Attorney to prepare and present an ordinance amending the City's RSO Ellis provisions (LAMC Sections 151.22 to 151.28), as follows:

- a. Amend RSO Ellis Provisions relating to displaced tenant's remedies to right of first refusal to re-rent to mirror State's Ellis provisions by changing from 5 years to 10 years.
- b. Add landlord's noncompliance with City's Ellis requirements as an affirmative defense in Ellis evictions.
- c. Delete or modify waivers of relocation assistance provisions in connection with condo conversions and subdivisions located at LAMC 151.09 G.4.b and c.

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

Community Impact Statement: None submitted.

SUMMARY

In a report to Council dated May 31, 2017, DCP discusses various proposals for strengthening the enforcement of the RSO and Ellis Act provisions. The report covers:

The feasibility of withholding the issuance of demolition permits for RSO units until all discretionary and ministerial permits for new construction on the property are formally issued.

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 12.95.2.

Adoption of an annual cap on demolitions of RSO units based on an appropriate percentage of the RSO housing stock.

Adapting the concept of AB 2222, which calls for density bonus projects to replace pre-existing affordable units on a one-to-one basis, for City use, including its use for such projects that seek zone changes, receive government subsidies or remove RSO or other affordable units, and mandate on-site replacement.

Reviewing the effect of the Small-Lot Subdivision Ordinance on RSO units when they are replaced by multiple single-family homes that subsequently are renter-occupied, and identifying mechanisms to preserve RSO status or other affordability, minimizing use of the ordinance to evade Ellis Act re-use restrictions.

Disallowing conversion of RSO residential rental properties, removed from the rental market through Ellis, to hotels. Under existing state law, it is allowable to remove a property from the rental housing market, which includes conversion to a hotel.

The DCP report proposes seven recommendations for Council action relative to these issues, substantially as shown above.

At its meeting held June 21, 2017, the Housing Committee discussed this matter with

representatives of DCP, DWP, the City Attorney, and HCIDLA. The DCP representatives discussed the findings of their report. A representative of DWP stated that the Utility no longer collects rental unit occupancy data. Further analysis is needed to determine how DWP can resume collecting the data. The City Attorney's representative stated that two provisions of the Ellis Act have are not included in the RSO: 10-year right of first refusal for displaced tenants and the allowing tenants the right to an affirmative defense in eviction cases in which the property is in violation of the RSO or the Ellis Act.

During the public comment period, speakers stated that the DCP was inadequate and needs more analysis. It was stated that HCIDLA is unable to enforce RSO provisions in response to RSO violations committed by property owners. It was claimed that RSOI units are vacated by property owners and occupied by new tenants within several months. Further claims were made that owners use Ellis to justify the eviction of tenants and then do not carry out proposed demolitions. A speaker urged the City to use its land use authority to limit condominium conversions and Ellis Act demolitions.

The Housing Committee recommended that Council approve the recommendations of the DCP report. Committee further recommended that DCP report back relative to the issues raised during the consideration of this matter, including the collection of rental unit vacancy data collection. Finally, the Committee recommended that Council request that the City Attorney prepare and present an ordinance to amend the RSO to include the two Ellis Act provisions discussed above as well as relocation assistance for tenants evicted due condominium conversions.

Respectfully Submitted,

HOUSING COMMITTEE

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

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-