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REPORT NO. R 1 6 - 0 3 1 8
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REPORT RE:

**DRAFT ORDINANCE ADDING SUBDIVISION 10 TO SECTION 14.00 A
OF ARTICLE 4 OF CHAPTER 1 OF THE LOS ANGELES MUNICIPAL CODE
TO ESTABLISH A PROCESS TO LEGALIZE UNPERMITTED DWELLING 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 No. 14-1150-S1

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance approved as to form and legality, adding Subdivision 10 to Section 14.00 A of Article 4 of Chapter 1 of the LAMC to establish a process to legalize unpermitted dwelling units when one or more affordable units is provided.

Background and Summary of Ordinance Provisions

On February 25, 2016, the City Planning Commission (CPC) considered a draft ordinance initiated by the Planning Department, establishing a process to legalize unpermitted dwelling units in the R-2 and more dense zones when at least one affordable unit is provided on-site. The CPC voted to adopt the staff report and findings supporting approval of the draft ordinance, and to recommend approval of the ordinance by City Council.

On April 7, 2016, the Housing Committee recommended approval of the draft ordinance and inclusion of an urgency clause. On April 20, 2016, the Planning and Land Use Management Committee (PLUM) waived the matter out of PLUM. On May 11, 2016, the City Council adopted the Housing Committee's recommendation.

The Planning Department estimates the City loses 400-500 housing units a year due to code enforcement targeting unpermitted dwelling units. Those zoning violations are not easily remedied today as there is no process to legalize unpermitted dwelling units. Property owners have used the variance process with varying degrees of success. This draft ordinance would create an alternative to the current variance process for legalizing certain unapproved dwelling units.

The draft ordinance amends the LAMC to establish a public benefits process to legalize unpermitted dwelling units in the R-2 and more dense zones when at least one restricted affordable unit is provided on-site. To be eligible for legalization, a unit must have been used as a dwelling unit between December 11, 2010, and December 10, 2015. The draft amendment proposes using concepts from density bonus for setting the percentage of affordable housing units needed in order to legalize one or more unpermitted units. It also will allow removal of development standards, such as parking, setback or height requirements, which otherwise would prevent legalization of the unpermitted unit. For example, the ordinance would entitle a property owner to a number of incentives or concessions to avoid development standards based on the percentage of affordable units offered, as used in the density bonus context.

Due to the documented loss of housing each year, as well as the dire need for affordable housing, the ordinance contains an urgency clause.

Charter Findings Required

Charter Section 558(b)(3) requires the Council to make the findings required in Subsection (b)(2) of the same section, namely whether adoption of the proposed ordinance will be in conformity with public necessity, convenience, general welfare and good zoning practice. Charter Section 558(b)(3)(A) allows the Council to adopt an ordinance conforming to the City Planning Commission's recommendation of approval of the ordinance, if the City Planning Commission recommends such approval. Similarly, Charter Section 556 requires the Council to make findings showing that the action is in substantial conformance with the purposes, intent and provisions of the General Plan. Council can either adopt the City Planning Commission's findings and recommendations or make its own.

On February 25, 2016, the CPC adopted the staff report and attached findings, approved the proposed ordinance and recommended its adoption by City Council. Specifically, the CPC made the following findings:

- In accordance with Charter Section 556, the proposed ordinance is in substantial conformance with the purposes, intent and provisions of the General Plan in that it addresses General Plan goals concerning housing preservation, as well as the creation of affordable housing. It will result in hundreds of long-term affordable housing units in the City.
- The proposed code amendment ordinance is consistent with, and helps further accomplish, the goals, policies and objectives of the General Plan Framework, including: General Plan Framework Policy 4.1.8 (promote adaptive reuse of structures for housing and rehabilitation of units); Objective 4.4 (increase housing production and capacity); Housing Element Objective 1.1 (to produce an adequate supply of rental and ownership housing to meet current and projected needs); and Objective 1.4 (reduce regulatory and procedural barriers to the production and preservation of housing at all income levels and needs).
- In accordance with Charter Section 558(b)(2), the adoption of the proposed amendment to the public benefits section to create a process to legalize unpermitted dwelling units in multi-family zones would be in conformity with public necessity, convenience, general welfare and good zoning practice because its measures are needed to preserve housing stock at all levels of affordability, encourage adaptive reuse of structures for housing and rehabilitation of existing units and reduce regulatory barriers to increase housing production and capacity.

As stated above, Charter Sections 556 and 558(b)(3) require City Council to make certain findings before adopting the proposed ordinance. The Council can adopt the City Planning Commission's findings or make its own.

Council Rule 38 Referral

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

If you have any questions regarding this matter, please contact Deputy City Attorney Amy Brothers at (213) 978-8069. 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:AB:gl
Transmittal