

HOUSING COMMITTEE REPORT relative to establishing a Notice of Intent requirement for owners of affordable housing planning to terminate rent subsidies or restrictions.

Recommendations for Council action, as initiated by Motion (Cedillo – Price):

1. REQUEST the Los Angeles Housing and Community Investment Department (HCIDLA) and the City Attorney to report in 60 days relative to:
  - a. The 2003 Report of the City of Los Angeles Notice Ordinance Working Group recommendations and any relevant concepts that could be included in a local Affordable Housing Notice Ordinance.
  - b. Clarifying state law and identify other provisions, tracking and enforcement mechanisms that augment the notice provisions as appropriate to address local conditions.
  - c. Current data management tools and their suitability for identifying affordable housing stock in the City of Los Angeles at-risk of losing their rental subsidies or affordability restrictions through the combined expiration and/or termination of covenants, restrictions and/or rental subsidies.
2. REQUEST the City Attorney, with the assistance of the HCIDLA, to prepare and present an ordinance in 60 days establishing an affordable housing notification requirement mirroring California Government Code Sections 65863.10, 65863.11, and 65863.13 (Notice of Intent), including local enforcement provisions as appropriate.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

## SUMMARY

On January 20, 2017, Council considered Motion (Cedillo – Price) relative to establishing a Notice of Intent requirement for owners of affordable housing planning to terminate rent subsidies or restrictions. Approximately 20 percent of the City's affordable housing stock is at risk of losing their rental subsidies or affordability restrictions through the expiration and/or termination of covenants, restrictions, and/or rental subsidies. California law requires owners of specified federal, state and locally-assisted projects to provide Notices of Intent to terminate rent subsidies or restrictions, prepay a federally-assisted mortgage, or terminate mortgage insurance. These Notices of Intent must be sent to all affected tenants and to affected public agencies.

Motion goes on to state that although the State does not proactively monitor, conduct outreach, or enforce notice requirements. As a result, there are property owners that do not comply with the State law. Furthermore, the City does not have the necessary local authority or protocols in place to enforce the State law. In 2003, the City created a working group to study the affordable housing notice problem, and the group released a report entitled Report of the City of Los

Angeles Notice Ordinance Working Group which was adopted by the Council in 2004. While the working group identified several key notice ordinance concepts, the notice ordinance was never adopted by Council. Based on a continuing affordable housing shortfall, Motion movers believe that the City should implement a local notice ordinance that establishes a local enforcement mechanism to bolster its affordable housing preservation efforts. Council referred Motion to the Housing Committee for consideration.

At its meeting held February 15, 2017, the Housing Committee discussed this matter with a representative of the HCIDLA. The Department representative stated that many of the recommendations of the City of Los Angeles Notice Ordinance Working Group have been implemented. Others are no longer applicable due to changes in the law or other factors. Data regarding the expiration or termination of affordable housing covenants is public, but not always readily available. Councilmember Harris-Dawson recommended that HCIDLA take advantage of modern data mining technology to identify affordable housing stock in the City of Los Angeles at-risk of losing their rental subsidies or affordability restrictions through the combined expiration and/or termination of covenants, restrictions, and/or rental subsidies. Committee recommended that Council approve Motion, as amended to request a 60-day report back and to include the recommendation of Councilmember Harris-Dawson.

Respectfully Submitted,

HOUSING COMMITTEE

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

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**