

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 19, 2017

CAO File No. 0220-00540-1244

Council File No. 17-0623

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer 

Reference: Housing and Community Investment Department transmittal dated May 10, 2017; Received by the City Administrative Officer on May 31, 2017; Additional information received through June 19, 2017

Subject: **HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST TO ESTABLISH AN EMERGENCY RESERVE ACCOUNT WITHIN THE SYSTEMATIC CODE ENFORCEMENT TRUST FUND**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, adopt the recommendations included in the Housing and Community Investment Department transmittal dated May 10, 2017 relative to the creation of an emergency reserve account within the Systematic Code Enforcement Trust Fund.

SUMMARY

The Housing and Community Investment Department (HCID) requests authority to create a 60-day emergency reserve fund within the Systematic Code Enforcement Trust Fund (Code Trust Fund) to pay for Housing Inspectors to conduct habitability inspections of multi-family rental housing units in the aftermath of a major local disaster. If approved, the HCID request would utilize funds from the Unappropriated Cash Balance of the Code Trust Fund to fund the proposed 60-day emergency reserve fund in an estimated amount of approximately \$7.5 million. The HCID states that the need for 60 days of emergency reserves is based on: 1) an estimate for SCEP fee revenue that would not be realized from damaged soft story buildings in the event of a natural disaster; 2) an estimate of two months to conduct habitability inspections of damaged building; and, 3) to account for approximately a one to two month period to seek reimbursements from the state and federal governments. This Office concurs with the recommendations of the Department.

Pursuant to Chapter XVI of the Los Angeles Municipal Code, the HCID collects an annual regulatory fee known as the Systematic Code Enforcement Program (SCEP) Fee to finance inspections conducted as part of SCEP. Additionally, HCID collects complaint inspection fees, additional re-inspection, appeals, administrative, and late fees, and penalties (SCEP related fees and penalties). The most recent fee adjustment was approved in 2011 by the Mayor and Council,

and raised the fee by approximately 22 percent to \$43.32 annually per unit. The HCID has indicated that the need for another SCEP fee increase is not anticipated until 2020. The Department will continue to conduct its annual fee analysis and monitor the need for a fee increase. The Department will report back to the Mayor and Council if and when a fee adjustment becomes necessary. Additional information on the SCEP program and the Code Trust Fund can be found in the HCID report dated May 10, 2017.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations of this report comply with City Financial Policies in that the proposed Emergency Reserve Account within the Systematic Code Enforcement Trust Fund would be fully supported by fees collected as part of the Systematic Code Enforcement Program.

RHL:NSC:02170191C