

HOUSING COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to amending the Los Angeles Municipal Code (LAMC) to protect affordable housing opportunities for persons using rental assistance or other sources of income.

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

1. PRESENT and ADOPT the accompanying ORDINANCE dated June 6, 2019 adding Article 5.6.1 to Chapter IV of the LAMC to protect affordable housing opportunities for persons using rental assistance and other sources of income, such as Section 8 vouchers, as payment for rent.
2. NOTE and FILE the June 7, 2019 Chief Legislative Analyst (CLA) report, inasmuch as the report is for information only and no Council action is required.
3. INSTRUCT the Housing Authority of the City of Los Angeles (HACLA), with the assistance of the CLA, to report in 60 days in regard to the following:
 - a. The feasibility and cost of expanding the Pre-Qualifying Inspections and holding deposit incentives offered under the Homeless Incentive Program to all owners who participate in the Section 8 Voucher program.
 - b. The number of additional inspectors and associated funding required to bring the HACLA's inspection time down to 2-3 days across all properties in the City.
 - c. Work with property owners to reduce and modify the requirements under the Health Quality Standards inspection.
4. INSTRUCT the Los Angeles Housing and Community Investment Department (HCIDLA), with the assistance of the CLA, to report in regard to the feasibility of using the City's affordable housing preservation programs to offer low interest rehabilitation loans to property owners who offer their units to Section 8 voucher holders.

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

Community Impact Statement: Yes

For:
East Hollywood Neighborhood Council
Los Feliz Neighborhood Council

Summary:

On June 12, 2019, your Committee considered June 7, 2019 CLA and June 6, 2019 City Attorney reports and Ordinance relative to amending the LAMC to protect affordable housing opportunities for persons using rental assistance or other sources of income. According to the City Attorney, the Ordinance protects affordable housing opportunities by prohibiting

discrimination against persons based upon their source of income. The Ordinance:

1. Defines "Source of Income" to include rental assistance from any federal, state, local, or non-profit administrated benefit or subsidy program, including but not limited to, the Section 8 voucher program, the Los Angeles Homeless Services Authority's Rapid Re-Housing program or any other subsidy program, homeless prevention program or security deposit assistance program, whether paid directly to the program participant or to the landlord or landlord's representative.
2. Provides remedies for violations of its provisions.

According to the CLA, the HCV Program, formerly known as Section 8, provides vouchers for subsidized rental payments to low-income tenants. Voucher holders must find a unit within the private market, at which time the Public Housing Agency (PHA) that issues the voucher and administers the voucher program, pays a subsidy of the agreed rent directly to the landlord. All landlords may accept applications from HCV voucher holders, provided that their units meet the necessary safety requirements as mandated by the Federal Department of Housing and Urban Development (HUD). Landlords who are willing to participate in the HCV Program may screen prospective tenants as they would do for any other tenants. After identification of a prospective tenant with an HCV voucher, the landlord must inform the relevant PHA, in this case HACLA, and schedule a Health Quality Standards (HQS) inspection. If deficiencies in the unit are identified by the PHA inspectors, the landlord must correct the deficiencies and schedule a second inspection. Following the completion of a successful inspection, the landlord may execute a Housing Assistance Payment (HAP) contract with the PHA, at which point the landlord is informed of their rights and responsibilities regarding participation in the HCV Program. Subsidy payments commence following the beginning of the tenancy. Thereafter, the landlord must maintain the unit to HQS requirements and pass an annual HQS inspection.

Actual or perceived inconveniences created by the HCV process create disincentives for landlords to begin or continue participation in the HCV Program. These inconveniences range from the length of the initial application processing, inconvenient inspections, difficulty conforming to HQS standards, difficulties with tenants, and difficulties withdrawing from the program. A 2018 HUD report titled "Urban Landlords and the Housing Choice Voucher Program" identified three significant factors of landlord participation in the HCV program: financial motivations, perception of (HCV) tenants, and administrative factors. More specifically to Los Angeles, information received by HACLA has identified inspections, customer service, and dealing with difficult tenants as issues which burden participating landlords and serve as a disincentive to prospective participants.

According to the HUD report, financial motivations do not solely reflect a desire for profitability but whether landlords feel that they stand to reduce, not increase, financial risk through participation in the program. The HCV program provides several advantages which may serve as an incentive to landlords under the right market conditions, the most prominent being guaranteed monthly rent payments from the housing authority. There is also a constant tenant base resulting in substantially lower vacancy rates. Preconceptions and experiences with voucher tenants may also factor significantly into a landlord's decision to participate. Beyond negative prejudices and discrimination, subsidized tenants are seen as a financial risk as a result of potential damage to property, potential citations that negatively impact the landlord, and the potential for costly evictions and vacancies. Dissatisfaction with the administration of the HCV Program also factored into the decision to participate among those surveyed by the HUD study. First and

foremost, delays in tenancy created by an inefficient inspection process results in vacancy, the financial cost of which is taken by the landlord. Landlords have further reported inconsistent inspection requirements, which may result in inconveniences, costly repairs to the unit, and prolonged vacancies.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Ordinance along with a series of other recommendations made by the Committee and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	YES
HARRIS-DAWSON:	ABSENT

ARL
6/12/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-