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Council File: 19-1239
Council Districts: Citywide
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Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Rita Moreno, Legislative Coordinator

TRANSMITTAL: REQUEST FOR AUTHORITY TO ALLOCATE FUNDING FOR EMERGENCY RENTERS RELIEF PROGRAM AND AMEND EXISTING CONTRACT WITH THE SOUTHERN CALIFORNIA HOUSING RIGHTS CENTER

SUMMARY

The Mayor and General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully request that the City Council approve the recommendations in this report, in response to a motion by Councilmembers Nury Martinez and Herb J. Wesson, Jr. (Council File 19-1239), instructing HCIDLA to report back on the status of a robust eviction prevention program and make recommendations on how the City could expand prevention efforts, such as the creation of an emergency rent relief program. Through this transmittal, HCIDLA seeks approval, and requests authority to allocate \$3,000,000 for an Emergency Renters Relief program which would provide a temporary rent subsidy to renters who receive rent increases greater than 9% in the period between March 15, 2019 and December 31, 2019. The subsidy will be available to tenants and families with incomes at or below 80% of Area Median Income (AMI), depending on household size. The subsidy would be a grant paid directly to the tenants for up to three months' rent payments through December 31, 2019, if their rent has been increased greater than 9% since March 15, 2019.

RECOMMENDATIONS

I. That the City Council, subject to the approval of the Mayor:

1. AUTHORIZE the General Manager of HCIDLA, or designee, to provide program oversight to implement the Emergency Renters Relief Program and conduct a public outreach campaign to inform City residents about the availability of this program to prevent displacement due to exorbitant rent increases in advance of the January 1, 2020 effective date of the *Tenant Protections Act of 2019*;
2. AUTHORIZE the General Manager of HCIDLA, or designee, to execute a contract amendment with the Southern California Housing Rights Center (Contract number C-134129) to:
 - a. increase the authorized contract in an amount not to exceed \$3,000,000; and
 - b. amend the contract scope of services to include the administration of the Emergency Renters Relief program through December 31, 2019, subject to the approval of the City Attorney as to form.
3. INSTRUCT the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO) to identify funding source(s) for the Emergency Renters Relief Program and necessary Controller instructions to effectuate the appropriation and transfer of funds to HCIDLA.

BACKGROUND

On October 8, 2019, Governor Newsom signed historic legislation in Assembly Bill 1482, the *Tenant Protections Act of 2019*, designed to address a key cause of our state's affordable housing crisis by preventing rent gouging and arbitrary evictions. The *Tenant Protections Act of 2019* becomes effective on January 1, 2020, establishing the strongest statewide law in the country to protect renters in non-rent stabilized housing.

Following the passage of AB 1482, the Los Angeles City Council acted swiftly to stem a surge of arbitrary, no-fault evictions as a number of landlords threatened to or actually served tenants with eviction notices in advance of the implementation of the new law. Ordinance No. 186,340 was approved by the City Council and signed by the Mayor on October 22, 2019, taking effect on October 24, 2019. The ordinance protects tenants in approximately 138,000 non-rent stabilized buildings that will be covered by the *Tenant Protections Act of 2019*.

On October 15, 2019, the City Council approved a motion by Councilmembers Nury Martinez and Herb J. Wesson, Jr. (Council File 19-1239) instructing HCIDLA to report back on the status of a robust eviction prevention program. Councilmember Martinez further instructed HCIDLA and the City Attorney to examine the feasibility of adopting a moratorium on exorbitant rent increases designed to force tenants out for non-payment of rent, another tactic used by landlords to evade the limitations on rent increases under AB 1482. However, the City Attorney has advised that the provisions of existing state law (the Costa Hawkins Act) prevent the City from enacting controls on rents on properties not already subject to the Rent Stabilization Ordinance (RSO).

Therefore, Councilwoman Martinez requested HCIDLA to prepare recommendations and a program design for an Emergency Renters Relief program to assist renters facing exorbitant rent increases before the *Tenant Protections Act of 2019* takes effect on January 1, 2020. At that time, under the provisions of

the *Tenant Protections Act of 2019*, rents must be rolled back to no more than the rent levels charged on March 15, 2019, plus 5% above the Consumer Price Index (CPI). In Los Angeles, that would be 9%.

A majority (58%) of renters are rent-burdened, paying over 30% of their income for rent, while about one-third are severely rent-burdened, paying over 50% of their income for rent. In view of the existing humanitarian crisis of homelessness in the City of Los Angeles, where 60% of the City's residents rent their homes, approval of an emergency rental assistance program to prevent evictions for non-payment of rent could prevent massive displacement of renters, especially lower-income renters. Approximately 76% of multi-family units in the City are covered by the Rent Stabilization Ordinance (RSO), which protects renters against extraordinary rent increases and arbitrary evictions, but there are currently no renter protections for approximately 138,000 households in the City that will be covered by the new law on January 1, 2020. Forced relocation and economic displacement impact tenants' housing stability, both short and long-term, as well as the stability of our communities. Households who are evicted are more likely to be forced to accept substandard housing and to relocate to neighborhoods further from their jobs, schools, customary services, and communities.

Gentrification and rising rents provide an incentive to landlords to evict long-term, lower-income tenants, in order to raise rents and attract wealthier tenants, particularly in advance of January 1, 2020, in order to avoid the limitations on rent-gouging afforded to renters under the new law. Tenants and housing advocates are reporting an increase in notices of excessive rent increases by landlords in order to encourage tenants to 'voluntarily' move out. Therefore, it is imperative that the City implement new strategies to keep people housed. The creation and funding of an Emergency Renters Relief program is a critical strategy to prevent displacement of renters and families by providing a temporary subsidy to prevent evictions for non-payment of rent.

Emergency Renters Relief Framework

The Emergency Renters Relief program would provide a temporary rent subsidy to renters who receive rent increases greater than 9% in the period between March 15, 2019 and December 31, 2019. The subsidy will be available to tenants and families with incomes at or below 80% of Area Median Income (AMI), depending on household size. The subsidy would be a grant paid directly to the tenants for up to three months' rent payments through December 31, 2019, if their rent has been increased greater than 9% since March 15, 2019. Per the requirements of AB 1482, effective January 1, 2020, rents must be rolled back to the rent amount effective on March 15, 2019, plus CPI plus 5% (= 9%). Tenants will be able to utilize their grant to either pay rent or utilize it for relocation purposes if they prefer to move out of their rental unit.

This program will be available to tenants who meet the income criteria and are renters of units covered by AB 1482 on January 1, 2020. Under state law, rent increases of greater than 10% require a 60-day notice. Inquiries and referrals to HCIDLA and public officials noting a trend in notifications of large rent increases generally began in late September and escalated with the Governor's signature of the legislation on October 8, 2019, as noted by public testimony. Since rent increases of 10% or more require a 60-day notice and many of these increases are predicated on the avoidance of rent limitations imposed by AB 1482 on January 1, 2020, it is expected that most affected tenants will need a rent subsidy for two or three months at most.

Based on estimates and likely scenarios developed in anticipation of this emergency program (attached), we estimate that for every \$1 million, approximately 250 to 400 families could be assisted.

A public outreach campaign will be launched immediately and information will be available through HCIDLA's Hotline, internet website and social media, five HCIDLA regional offices, 16 FamilySource Centers (FSC's) and the City's Multipurpose Senior Centers (MSC's). Applications will be accepted at selected FSC's and MSC's, which will conduct program intake, including determination of eligibility in coordination with HCIDLA, documentation of income, proof of residence and determination of the appropriate rent subsidy/grant.

If approved for assistance, the payment request will be forwarded to the Southern California Housing Rights Center (HRC), which will issue a check payment payable to the tenant. A centralized agency responsible for coordination of payments is recommended in order to expedite the implementation of this emergency program. HCIDLA has recently executed a contract with the HRC (Contract Number C-134129), effective July 1, 2019 through June 30, 2020, with a Scope of Work that can be utilized to provide these services. HRC is charged with providing citywide fair housing services to existing and prospective City residents, including investigating housing discrimination complaints, counseling victims of housing discrimination, researching housing discrimination in Los Angeles, special projects, conducting outreach and education programs to inform City residents and housing industry groups of their rights and responsibilities related to fair housing, and providing other related services. The Fair Housing Services contract is currently supported by Community Development Block Grant (CDBG) funds and the Rent Trust Fund. However, the proposed emergency rental assistance program cannot be supported by these funding sources. The CLA is requested to identify a funding source for the contract amendment.


FISCAL IMPACT STATEMENT

Funding for the Emergency Renters Relief Program must be identified and allocated for these services.

Prepared by:


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Director of Enforcement Operations


Reviewed by:


ROBERTO H. ALDAPE
Assistant General Manager

Reviewed by:


LAURA GUGLIELMO
Executive Officer

Approved by:


RUSHMORE D. CERVANTES
General Manager

Attachment

