

BUDGET & FINANCE

MOTION

In 2015, the City of Los Angeles adopted Ordinance 183893 which requires that all wood-frame soft-story buildings and non-ductile concrete buildings built prior to 1978 be retrofitted with structural reinforcements. Retrofitting reduces structural deficiencies and improves the performance of buildings in the event of an earthquake. Retrofitting saves lives, but the reality is that the high up-front costs of installation can cause enormous financial strain on property owners. While the Mandatory Retrofit Program aims to make communities safer, high costs can stand as a barrier to implementation.

According to a Los Angeles Times article, retrofitting can cost upwards of \$130,000 for wood-frame buildings and millions of dollars for larger concrete buildings. While the City focuses on programs for cost recovery, there are no programs that provide upfront financial assistance for property owners. Therefore, it is imperative that the City explore affordable loan options for seismic retrofit installations.

One possibility is to utilize funds that the City has accrued for specific uses, but cannot expend until a future time. An example of one such funding source is the Affordable Housing Trust Fund (AHTF). This long-term trust fund was designed to appropriate future funding for housing needs, which includes the provision of new affordable housing, as well as the retention of existing affordable and rent-stabilized units. There are an estimated 11,600 multi-family buildings that account for 165,000 units, approximately 97% of which are subject to the Rent Stabilization Ordinance. Providing assistance to property owners required to seismically secure their buildings would directly prevent the loss of the City's already limited and valuable affordable and rent-stabilized housing stock.

Drawing from a source like the AHTF for the purposes of fronting the costs of retrofitting would satisfy today's problem, and a revolving loan option could result in additional accrued interest to the fund while replenishing the well for future needs.

I THEREFORE MOVE that the City Council instruct the CLA, CAO, LADBS, and HCID to evaluate the feasibility of a loan program geared toward assisting property owners in financing building seismic retrofit requirements, and provide recommendations for the initial program framework, including eligibility criteria and identification of possible sources of funding, such as the Affordable Housing Trust Fund.

PRESENTED BY:


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SECONDED BY:



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