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City Council
PLUM Committee
200 N Spring Street
Los Angeles, CA 90012

Los Angeles Tenants Union
Hollywood Local
6500 Sunset Blvd.
Los Angeles, CA 90028

Date: 8-27-19

Submitted in PLUM Committee

Council File No: 13-1482-S3

Item No.: 6

Deputy: Communication from the PLUM

8/26/2019

RE: COUNCIL FILE 13-1482-S3

PLUM of City Council,

LATU – Hollywood Local has concerns regarding the transfer of the CRA planning and land use functions to City Council.

This is being done to allow the creation of multiple TOC projects without concern of the displacement these projects will create (Council File 18-1023 attached). We already have 30,000 homeless on our streets. The majority of which were housed two years ago. The destruction of RSO housing for the creation of expensive market rate housing has only created a housing market that our working-class families are barred from accessing.

A simple solution to this catastrophic problem requires two important changes to city planning and housing policies. First, any new construction of rental housing that demolishes prior existing rental housing must require an automatic right of return at the rate the displaced tenant was paying, the new unit being subject to RSO if it is a replacement unit for a demolished RSO unit. Secondly, a plan for the interim for the tenant so that they are not financially burdened with a dramatic change in rent during the time of construction. A Plan for Right of Return Under Demolition is attached.

In addition to a citywide guaranteed right of return, City Council must direct HCIDLA to deny Ellis Act applications in the event that the applicant intends to grow their business. Such an intention clearly violates the intent of the Ellis Act. Any construction of rental units that requires the demolition of previous rental units should not be subject to the Ellis Act as the landlord clearly isn't intending on exiting the rental market, and in fact they are creating more rental units. We have conflated demolition and Ellis as being the same thing when it is not. Ellis is intended for small Mom and Pop property owners to retire out of the rental business. Corporate landlords utilizing property zoned for housing in order to build more rental housing is not a ceasing of the intent to collect rent for financial income.

Therefore, we as a city must stop the source of homelessness by simply requiring that people be housed and not displaced due to construction and the change of amount of units on a property.



We can require that tenants be protected during that time as well as preserving our RSO housing stock by recognizing that replacement units should also be subject to RSO.

We ask that the following Plan for Right of Return Under Demolition be implemented in any instance of demolition and creation of new rental housing.

Los Angeles Tenants Union
Hollywood Local

**PLAN FOR FIRST RIGHT OF REFUSAL
UNDER FULL DEMOLITION TO AMMEND LAMC SEC. 152.00**

1. Purpose The First Right of Refusal Plan for Full Demolition (hereinafter, “Plan”) shall be for the purpose of the following:

The City recognizes that displacement from rental housing creates hardships on renters who are senior citizens, persons on fixed incomes and low and moderate income households, particularly when there is a shortage of decent, safe and sanitary housing at affordable rent levels in the City. The City has also declared, in its adoption of Section 161.101*et seq.* of this Code, that it is in the public interest of the people of Los Angeles to protect and promote the existence of sound and wholesome residential buildings, dwelling units and neighborhoods. It is also important to recognize the integrity of a neighborhood which is based on its residents. Displacement of residents has a negative impact on the fabric of that community.

This Plan had been established to define for landlords their responsibilities for those who wish to expand the rental housing stock in Los Angeles by reinvesting in the development of their properties which currently have tenants residing on the property. Through rent adjustments authorized by the LAMC, landlords are able to recover a substantial portion of these unit improvement costs over time. However, Demolition Work involves substantial modification or full removal of buildings and structures and, by its very nature, such work generally makes rental units untenable, as defined by California Civil Code Section 1941.1, until the replacement unit is completed, and the Certificate of Occupancy is issued.

This article is adopted to facilitate landlord investment in Demolition Work without subjecting tenants to either untenable housing conditions during such work; or forced permanent displacement and loss of First Right of Refusal. This Plan requires landlords to mitigate such untenable conditions, through the temporary relocation of tenants to alternative housing accommodations until such time as they can take possession of the replacement unit. Unless the tenant chooses to relinquish the right or is forced to relinquish, in which the tenant will be compensated. These two options should be regarded as mutually exclusive. Plan acknowledges the right of the tenants to occupy their unit does not cease during the time of demolition and construction even if it is not a physical feasible option.

2. Definitions

Temporary Relocation. The moving of a tenant from the tenant’s permanent residence to habitable temporary housing accommodations in accordance with the Plan. The temporary relocation of a tenant from his/her/their permanent place of residence shall not constitute the voluntary vacation of the unit and shall not terminate the status and rights of a tenant, including the right to reoccupy the replacement unit, upon the completion of the Demolition Work and new construction, subject to any rent adjustments as may be authorized under LAMC.

Compensation. The monetary amount a tenant will be entitled to should their right to occupy their replacement unit be diminished without their knowledge or consent; or should they choose to relinquish that right for whatever reason.

- (a) Compensation will be based on tenant's entering into a higher at-risk category for homelessness within five years of a tenant losing their housing;
- (b) Tenants will be compensated the equivalent of 36 months of the average market rate of a comparable unit to what the tenant was in possession of prior to demolition based on the city-wide median price of that size unit; and
- (c) In the case of tenants who are elderly, disabled, or have minor children, the amount will be based on the full 60 months.
- (d) In the case of multiple tenants in a multiple bedroom unit who don't all wish to exercise the First Right of Refusal under the Plan, the Compensation will be based on the median city cost of the one bedroom. Should multiple tenants share the one bedroom, the compensation will be split equally between them. Tenants who wish to exercise their right to occupy the replacement unit from the multiple bedroom unit will be allowed to do so as long as they have not received any compensation to relinquish their right.
- (e) Compensation for relinquishing of Right of First Refusal will not be subject to taxation as relocation is not taxable. Under the Uniform Relocation and Real Property Acquisition Policies Act of 1970 as Amended, relocation is not taxable due to eminent domain. Under California Government Code Chapter 12.75, private landowners are transferred power by the state to enact eminent domain.

3. Responsibility of the Applicant; and Further Findings and Rights of Tenants

- 3.1 A landlord shall pay for all temporary housing accommodation costs and any costs related to relocating the tenant's to temporary housing accommodations during Demolition Work, regardless of whether those costs exceed rent paid by the tenant. The landlord shall also pay any costs related to returning the tenant to his/her unit, if applicable. The Commission may adopt guidelines or regulations regarding the payment of moving costs.
- 3.2 In the case of multiple tenants in a multiple bedroom unit who don't all wish to exercise the First Right of Refusal, the Compensation will be based on the median city cost of the one bedroom. Replacement tenants for the replacement unit will be subject to the same approval requirements as were in place prior to the Demolition Work. Replacement Tenants will not be barred so long as they meet the requirements for renting. The same number of tenants residing in a unit prior to the Demolition work will be the allowable number of tenants allowed into the replacement unit.
- 3.3 Compensation payment must be made available in full within fifteen (15) days of service of the written notice of filing for the Plan. The landlord may, at the landlord's sole discretion and at the landlord's cost, elect to pay the monetary relocation benefits through an escrow account. The monies must be placed in full in the escrow account within the required 15-day period. The escrow account must provide for payments to the tenant(s) for actual compensation and doesn't include: first and last month's rent; security deposit;

or utility connection charges. Payments from the escrow account shall be made within three (3) working days of receiving a request for payment.

- 3.4 Temporary relocation units must be comparable to the unit being demolished, be within five miles of the unit being Demolished, and have the same services and amenities. Any reduction in size, services, or amenities must have a correlating reduction in rent for the duration of the time the tenant resides in the temporary unit.
- 3.5 The newly constructed unit must be comparable to the unit that was demolished and include the same services and amenities. Any reduction in the size of the unit, services, or amenities must accompany a correlating reduction in rent.
- 3.6 No additional rules may be created to prevent the tenant(s) from taking occupancy of the replacement unit, such as (but not limited to) credit checks, additional deposits, rejection based on citizenship status, or criminal charges incurred during the time of construction or Demolition. Only domestic abuse, violent crime, or sexual based criminal arrests would be allowed to prevent the tenant charged with the crime from taking possession of the unit. This would be up to the discretion of the applicant to allow or not allow that tenant to take possession of the replacement unit. All other tenants residing in the unit prior to vacating would still be allowed to take possession of the replacement unit. The tenant's previous lease will still be in good standing. Leases will only allow addendums based on additional amenities and services (such as a new pool area) upon taking possession of the replacement unit.
- 3.7 Tenants taking possession of the replacement unit will not be denied access to any new amenities or services provided by the new development that were not offered in the previous structure prior to Demolition.
- 3.8 If the demolished unit was subject to the RSO regulations, then the replacement unit will also be applicable to RSO as long as the units are in possession of the tenant who resided in the unit prior to Demolition. Rent increases will be based on LARSO for that year. Plan recognizes that tenants were not always listed on the lease, so residency is based on possession prior to Demolition. This finding does not conflict with Costa-Hawkins as the Plan recognizes that the tenant's rights are intact and applicable to the replacement unit as the unit is a replacement unit for an RSO unit built before the legal cut-off year.
- 3.9 Plan does not allow for the applicant or any successor to be free from lawsuits from the City or the tenants based on not fulfilling the requirements of the Plan during any time of Demolition or subsequent construction of replacement units.

4. Changes to the Plan

Plan may only be changed by process of public hearings held before City Council. A motion must be introduced by a council member and is subject to the applicable committee. Commissioners and other administrators may not re-interpret any part of the plan or its intent.

MOTION

On June 27, 2018, the Community Redevelopment Agency/ Los Angeles (CRA/LA), A Designated Local Authority (CRA/LA-DLA) and successor to the former CRA/LA, issued a Memorandum that six of the City's Redevelopment Plans contain land use limitations that potentially detrimentally affect development projects utilizing *Measure JJJ's* Transit Oriented Communities (TOC) incentives.

The CRA/LA has determined that the limitations of these Redevelopment Plans are not superseded by *Measure JJJ: Los Angeles Affordable Housing and Labor Standards Initiative* (Municipal Code Section 11.5.11, *Affordable Housing*).

The density and/or Floor Area Ratio (FAR) limitations of these Redevelopment Plans negatively affect or stop potential developments in the following Redevelopment Project Areas: City Center; Central Industrial; Hollywood; North Hollywood; Wilshire Center/Koreatown; and Pacific Corridor.

As of September 14, 2018 there are at least twenty-five TOC projects in Redevelopment Project Areas in which the CRA/LA has determined that the land use limits and/or restrictions of the Redevelopment Plans conflict with Measure JJJ. These projects, cumulatively, have 1,350 housing units of which 214 units are affordable units, including 59 that are for a Permanent Supportive Housing Loan Program (Prop HHH) project. Prop HHH is designed to develop permanent supportive housing for homeless individuals and those at risk of homelessness throughout the City.

Given the critical need for housing, especially affordable housing, the City needs to collaborate with the CRA/LA to determine what actions, if any, can be taken to resolve the impact of the CRA/LA June 27, 2018 Memorandum. The expeditious resolution of this should be a priority for the Planning Department, to resolve any and all uncertainty in the development community.

I THEREFORE MOVE that the Council instruct the Planning Department, in consultation with the City Attorney, to report within 30 days on the impact of the Community Redevelopment Agency/LA, A Designated Local Authority's June 27, 2018 Memorandum indicating that six City Redevelopment Plans have land use limitations that potentially detrimentally affect twenty-five development projects in Redevelopment Project areas because they conflict with *Measure JJJ's* Transit Oriented Communities (TOC) incentives, and to: (1) provide an update on the status of 25 TOC projects; (2) provide information as to what development project applicants have been informed by staff regarding their filed applications or those filing applications; and (3) provide information as to any communication, if any, that has occurred between the Planning Department and the CRA/LA-DLA as to the land use impacts/ramifications of the Memorandum.

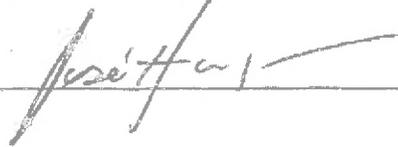
PRESENTED BY:



MITCH O'FARRELL

Councilmember, 13th District

SECONDED BY:




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