

HOUSING COMMITTEE REPORT relative to amending the Rent Stabilization Ordinance (RSO) to enable applicants of previously entitled housing projects to apply for an RSO exemption.

Recommendation for Council action, as initiated by Motion (O'Farrell - Blumenfield):

REQUEST the City Attorney, with assistance from the Los Angeles Housing and Community Investment Department, to prepare and present an Ordinance to amend the RSO (Los Angeles Administrative Code Section 151.28c) to meet the following intent:

- a. Authorize the applicants to apply for a hardship exemption within a specified time limit, provided the multi-family housing project meets the following criteria:
  - i. Received discretionary entitlements before June 4, 2017, the effective date of Ordinance No. 184873.
  - ii. At least 15 percent of the total units are restricted for affordable Very Low Income households.
  - iii. Provide no less affordable housing units than the number of RSO units demolished.
  - iv. Limit applications to applicants who apply within 60 days of the effective date of the Ordinance.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On May 22, 2019, your Committee considered a Motion (O'Farrell - Blumenfield) relative to amending the RSO to enable applicants of previously entitled housing projects that include a high percentage of deed-restricted affordable units to apply for an RSO exemption. According to the Motion, on May 22, 2007, Council adopted Ordinance No. 178848, the RSO Replacement Unit Ordinance, which subjected new housing rental units to the RSO if those units are constructed and offered for rent or lease within five years of the demolition of pre-existing RSO units on the same property. The RSO Replacement Unit Ordinance included an exemption from the RSO if the proposed new housing project replaced the same number of demolished rent-controlled units, with deed-restricted Low Income Units on a one-for-one basis or replace 20 percent of the total units, whichever is less (RSO Affordable Housing Exemption). Also, the RSO Replacement Unit Ordinance also included a provision permitting multi-family developers to seek an RSO exemption upon demonstration of undue financial hardship, if requested within 90 days of the RSO Replacement Unit Ordinance effective date (July 16, 2007).

On April 19, 2017, Council adopted Ordinance No. 184873 (RSO Amendment) which modifies certain provisions of the RSO, going into effect on June 4, 2017. Most significantly, the RSO

Amendment modified the RSO Affordable Housing Exemption criteria by requiring replacement of removed RSO units with deed-restricted Low Income units on a one-to-one basis or 20 percent of the total units, whichever is greater. The RSO Amendment did not include a "grandfathering" provision, exempting pipeline or even fully approved and entitled projects from the RSO. Moreover, it did not expressly include a new financial hardship exemption for multi-family developments that include a high percentage of deed-restricted affordable units. In the interest of furthering the development and preservation of affordable housing, a technical amendment is required to enable applicants of previously entitled housing projects that include a high percentage of deed-restricted affordable units to apply for an RSO exemption upon demonstration of undue financial hardship. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the Motion, as amended. 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  
5/22/19

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**