

MOTION

HOUSING

Under the Rent Stabilization Ordinance (RSO), landlords are allowed to pass on the costs of capital improvements to their tenants in the form of increased rent after receiving clearance from the Housing and Community Investment Department. The monthly rent increase is 1/60 of 50% of the costs of the improvements. The cost is divided over all the units that benefit from the improvement and collected for 72 months. This surcharge is limited to \$55 per unit unless agreed upon in writing by the landlord and tenants. However, if the surcharge as calculated (1/60 of 50%) exceeds \$55 per month, then the surcharge period of six years may be extended until the allowable capital improvement expenses are covered.

The \$55 cap can prevent landlords from financing large improvement projects, such as new roofs and plumbing upgrades, since banks are hesitant to lend capital when rental income used to pay the loan is restricted. The City of Los Angeles should encourage landlords to make building improvements that provide their tenants with energy efficiency and security upgrades. Energy efficiency projects will help reduce the carbon footprint of thousands of units across the City, and the modest rent increase will be offset by tenant's savings in the form of reduced electric and gas bills. Security improvements will increase tenant's well-being and safety. The Housing and Community Investment Department should take a fresh look at the RSO Capital Improvement Program and be directed to report on the Energy Efficiency and Security provisions proposed below.

I THEREFORE MOVE that the City Council instruct the Housing and Community Investment Department to evaluate and report on the following proposed modifications to the Rent Stabilization Ordinance, including impacts to landlords and tenants:

Allow for 100% pass through amortized over five years with no monthly cap for the following two specialized Capital Improvement Programs (CIP):

1. Energy Efficiency CIP: Allow the owner of an RSO building to conduct energy efficiency projects in each unit and/or the common area where applicable. Projects would include weatherized doors, double-paned windows, energy efficient water heaters, etc.
2. Security CIP: Allow the owner of an RSO building to conduct anti-crime and safety projects such as landscape modifications, outdoor lighting, security cameras, etc.

PRESENTED BY:   
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SECONDED BY: 

ORIGINAL

JUL 1 2015  
  
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