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CITY ATTORNEY

REPORT NO. R 16 - 0027
JAN 22 2016

REPORT RE:

DRAFT ORDINANCE AMENDING LOS ANGELES MUNICIPAL CODE SECTIONS 151.02, 151.07.A.1, 151.07.A.2, 151.07.A.8 AND 151.08.D OF ARTICLE 1 OF CHAPTER XV OF THE LOS ANGELES MUNICIPAL CODE AND ADDING SECTION 151.07.A.9 TO ARTICLE 1 OF CHAPTER XV OF THE LOS ANGELES MUNICIPAL CODE TO LIMIT THE SHARE OF THE COSTS RELATED TO MANDATORY SEISMIC RETROFITTING THAT CAN BE PASSED FROM OWNERS TO TENANTS

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File Nos. 14-0268-S7 and 14-1697-S2

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance amends Sections 151.02, 151.07.A.1, 151.07.A.2, 151.07.A.8 and 151.08.D of Los Angeles Municipal Code (LAMC), and adds Section 151.07.A.9 to the LAMC to limit to 50 percent the costs related to mandatory seismic retrofitting that can be passed from owners to tenants.

Background and Summary of Ordinance Provisions

On October 9, 2015, the City Council adopted the Mandatory Seismic Retrofit Ordinance, which establishes obligatory standards for earthquake hazard reduction in existing wood-frame buildings with soft, weak, or open-front walls and existing non-

ductile concrete buildings. The ordinance went into effect on November 22, 2015. The ordinance requires owners to complete the work within a certain time frame, but is silent as to the limitations on owners in passing the cost of the required seismic work through to tenants.

On January 13, 2016, the City Council adopted a report from the Housing Committee which included, in pertinent part, a request to the City Attorney's office to prepare an ordinance amending the City's Rent Stabilization Ordinance to cap at 50 percent the costs that can be passed through to tenants by owners completing the work required by the Mandatory Seismic Retrofit Ordinance. On same day, the Council also approved an amending motion (Cedillo-Fuentes) requesting that the City Attorney's Office include an urgency clause in the amending ordinance pursuant to Charter Section 253.

The draft ordinance amends LAMC Section 151.02 to add the definition of "Seismic Retrofit Work" and to amend other definitions to include the work required by the Mandatory Seismic Retrofit Ordinance. The draft ordinance also amends the Rent Stabilization Ordinance at LAMC Sections 151.07.A.1, 151.07.A.2, 151.07.A.8 and 151.08.D, and adds Section 151.07.A.9 to the LAMC, to establish a 50 percent cap on the costs an owner can pass through to tenants related to the completion of seismic retrofitting under the Mandatory Seismic Retrofit Ordinance.

The draft ordinance includes an urgency clause, which allows the ordinance to become effective upon publication. The majority of tenants who live in buildings that are required to be retrofit under the Mandatory Seismic Retrofit Ordinance are "rent-burdened" or "severely rent-burdened," meaning that they spend anywhere from 30 to over 50 percent of their income on rent. As reported by the Housing and Community Investment Department (HCID), 78 percent of tenants where the soft-story building inventory is located earn incomes that fall at or below the threshold qualifying them as "low income households." As owners begin the required seismic retrofit work on their buildings, the potential to overburden these low-income tenants and compromise their ability to afford their rent is significant. Therefore, the protections provided by the ordinance are necessary for the preservation of the public peace, health and safety of the City's residents, as the Council balances the need to improve the safety of buildings in the event of an earthquake, as well as the health and welfare of tenants who need affordable housing.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Housing and Community Investment Department with a request that all comments, if any, be presented directly to the City Council or its Committees when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Adrienne Khorasanee at (213) 978-8246. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney



By

DAVID MICHAELSON
Chief Assistant City Attorney

DM:ASK:pj
Transmittal