

GENERAL EXEMPTION, HOUSING COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to establishing a Rent Registry Program, and resolution authority for eight new positions in the Los Angeles Housing and Community Investment Department's (HCIDLA) Rent Stabilization Unit.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the approval of the Ordinance dated September 19, 2016 is exempt from the provisions of California Environmental Quality Act of 1970 (CEQA) under Article 18, Section 15060 (c)(2) of the State CEQA Guidelines and Article II, Section 2(m) of the City's environmental guidelines.
2. PRESENT and ADOPT the accompanying ORDINANCE dated September 19, 2016 amending the Rent Stabilization Ordinance (RSO) in Chapter XV of the Los Angeles Municipal Code (LAMC), including adding a new Subdivision 6 to Subsection A of Section 151.05, amending Subsections B and F of Section 151.05, and adding a new Subsection J to provide for annual rent registration of RSO rental units.
3. NOT PRESENT and ORDER FILED the Ordinance dated June 29, 2016 amending the RSO by adding Subsection J to LAMC Section 151.05 of Article 1, Chapter XV to provide for annual rent registration of RSO rental units.
4. RESOLVE that position authority for the following positions for the HCIDLA'S Rent Stabilization Unit is APPROVED and CONFIRMED for the period October 1, 2016 through June 30, 2017, subject to position allocation by the Personnel Department and pay grade determination by the City Administrative Officer (CAO):

<u>Class Code</u>	<u>Classification</u>	<u>Amount</u>
1358	Administrative Clerk	3
1368	Senior Administrative Clerk	1
1461-2	Communication Information Representative II	1
8516-1	Housing Investigator I	1
9184-1	Management Analyst I	1
8516-2	Housing Investigator I	<u>1</u>
	Total:	8

5. AUTHORIZE the General Manager, HCIDLA to prepare Controller instructions for any necessary technical adjustments consistent with this action, subject to the approval of the CAO; and, AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: the CAO reports that this action will not impact the General Fund. There is no impact to the General Fund. The costs for a Rent Registry Program would be funded from the Rent Stabilization Trust Fund. The total cost to implement this program in the first year is \$1,444,736 and the estimated annual cost is \$1,416,516. The above recommendations comply with City financial policies in that funding for the first year of the program is available in the Rent Stabilization Trust Fund. However, the HCIDLA reports that the annual Rent Stabilization

Ordinance rental unit registration fee will have to increase in January, 2018. The Department will report back at a later date on a proposed fee increase to support full cost recovery of special funded operations under the Rent Stabilization Program.

Community Impact Statement: None submitted.

**(Personnel and Animal Welfare Committee waived consideration of the above matter)**

### SUMMARY

In a report to the Mayor and Council dated September 16, 2016, the CAO recommends approval of an HCIDLA request for eight additional positions. The CAO also recommends that Council instruct HCIDLA to report relative to a proposed fee increase to fully recover the cost of special fund operations under the Rent Stabilization Program beyond Fiscal Year 2017-18.

The purpose of the Rent Registry Program is to verify the rent for RSO units. The CAO reports that according to HCIDLA the program will be implemented by January 1, 2017. Beginning in December 2016, the Rent Registry form will be included in the annual bill for over 118,000 properties. The annual RSO registration renewal fees and rent information for each unit will be due on the first of January and deemed delinquent if not paid and reported on or before the last day of February. Property owners will be able to pay and complete the Rent Registry form online. However, the HCIDLA estimates staff will need to input 75 percent of property information manually into the rent registry database. Additionally, HCIDLA staff will review and verify rent information for approximately 624,000 rental units.

The CAO goes on to report that there is sufficient funding in the Rent Stabilization Trust Fund to support the Program for approximately two years. A preliminary fee analysis conducted by HCIDLA has found that the Trust Fund's cash balance will be exhausted before December 31, 2018, and that a fee increase will be needed in January 2018.

Accompanying a report to Council dated September 19, 2016, the City Attorney presents an Ordinance to require the annual registration of current rents for all RSO units at the time of annual RSO rental unit registration. The Ordinance accompanying this report replaces an Ordinance previously transmitted and dated June 29, 2016. According to the City Attorney, the new Ordinance incorporates the following changes requested by HCIDLA: adding a new Subdivision 6 to Section 151.05 A, amending Subsections B and F of Section 151.05, and adding a new Subsection J to provide for annual rent registration of RSO rental units. The City Attorney also recommends approval of a related environmental finding.

At its regular and special meetings held September 21, 2016, the Housing Committee discussed this matter with representatives of the CAO, HCIDLA, and the City Attorney. Prior to the start of the meeting, the representative of the City Attorney's Office made 25 copies of the Ordinance dated September 19, 2016 available for the public. The CAO's representative recommended approval of the new positions requested by HCIDLA for this program and stated that the Department will report back at a later date with an estimate of program technology system costs.

HCIDLA staff stated that the Rent Registry Program was discussed with landlords and tenants and a consensus was reached for its approval.

During the public comment period, a speaker who opposed the Ordinance indicating a Rent Registry Program was not needed and its implementation alongside the existing Systematic Code Enforcement Program will confuse landlords. Speakers in support of the above recommendations stated that the rental data collected will protect tenants and improve understanding of the City's affordable housing crisis.

The Housing Committee recommended that Council approve the Ordinance dated September 19, 2016, and the related environmental finding described above to amend the RSO to establish the Rent Registry Program. Committee further recommended that Council receive and file the ordinance dated June 29, 2016 and approve the eight new positions needed by HCIDLA for this program, as recommended by the CAO.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO: <i>gedillo</i>	YES
KORETZ:	ABSENT
HUIZAR:	ABSENT
PRICE:	YES
HARRIS-DAWSON:	YES

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**