

HOUSING COMMITTEE REPORT relative to authority to amend Section 161.352 of the Los Angeles Municipal Code (LAMC) for a fee adjustment to the Systematic Code Enforcement Program (SCEP) Fee.

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

1. NOTE and FILE the Los Angeles Housing and Community Investment Department (HCIDLA) transmittal dated July 2, 2020, the City Administrative Officer (CAO) report dated September 14, 2020, and the HCIDLA Supplemental Transmittal dated February 16, 2021 relative to a request to amend Section 161.352 of the LAMC to adjust the SCEP Fee.
2. AUTHORIZE the increase of the SCEP Fee to an amount of up to \$67.94 per unit annually, effective January 1, 2022, and a mid-calendar year fee adjustment of \$24.62 per unit in 2021 with corresponding revenues to be reflected in the 2021-22 Budget.
3. AUTHORIZE the monthly pass through of 1/12th of 50 percent of the SCEP Fee to tenants effective January 2022.
4. REQUEST the City Attorney to PREPARE and PRESENT Ordinance to:
 - a. Amend Section 161.352 of the LAMC to adjust the SCEP Fee to an amount of up to \$67.94 effective January 1, 2022 and a mid-calendar year fee adjustment of \$24.62 per unit in 2021.
 - b. Amend Section 151.05.1 of the LAMC to allow a monthly pass through of 1/12th of 50 percent of the SCEP Fee to tenants instead of a monthly pass through of 100 percent of the Fee.
5. INSTRUCT the HCIDLA to work with the Rent Adjustment Commission to adopt and amend rules and regulations relative to the pass through of 50 percent of the SCEP fee to tenants.
6. AUTHORIZE the transfer of \$7,500,000 from the Systematic Code Enforcement Trust Fund No. 41M/43, Cash/Restricted Account No. 1014 entitled Emergency Reserve Account to the Systematic Code Enforcement Trust Fund No. 41M unrestricted Cash Account No. 1010.
7. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and Council action on this matter, subject to the approval of the CAO; and, request the Controller to implement the instructions.

8. INSTRUCT the HCIDLA in consultation with community stakeholders to conduct an evaluation of the SCEP and identify strategies to restructure the program to achieve cost savings and effective delivery of services.

9. INSTRUCT the HCIDLA in consultation with the CAO to identify federal resources which may offset program costs.

Fiscal Impact Statement: The CAO reports that there is no net impact to the General Fund if Council approves a proposed SCEP Fee of \$67.94 effective January 2022, one-time, mid-calendar year fee of \$24.62 in 2021, and transfer of \$7.5 million in restricted cash within the Systematic Code Enforcement Trust Fund. The proposed fee is intended to recover the full costs of the SCEP including all operating direct and indirect costs. Deferral of a fee increase would result in HCIDLA having insufficient funds to reimburse the General Fund \$3.4 million in 2020-21 and \$15.8 million in 2021-22 for related costs associated with SCEP staff. The unfunded related costs may be considered by Council and Mayor to be potentially funded with a General Fund allocation that will increase each year the fee is not adjusted or the HCIDLA does not significantly reduce services.

Financial Policies Statement: The CAO reports that recommendations in this report comply with the City's Financial Policies.

Community Impact Statement: None submitted.

SUMMARY:

At a regular meeting held on April 14, 2021 the Housing Committee virtually considered HCIDLA and CAO reports, and the CAO verbally presented a report relative to authority to amend Section 161.352 of the LAMC for a fee adjustment to the SCEP Fee. The Chair made additional verbal recommendations with instructions for HCDILA. After providing an opportunity for public comment the Committee approved as amended the recommendations in the CAO report dated April 14, 2021, as detailed above. This matter is now transmitted to Council for its consideration.

Respectfully submitted,

PUBLIC SAFETY COMMITTEE

Approved as amended (4) Yes; (1) Absent - Krekorian

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO	YES
RAMAN	YES
HARRIS-DAWSON	YES
KREKORIAN	ABSENT
LEE	YES
KK 4-14-21	