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Council Districts: Citywide
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Honorable Members of the City Council
City of Los Angeles
c/o the City Clerk, City Hall
200 N. Spring Street, Room 395
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: SUPPLEMENTAL REPORT ON RECOMMENDATIONS FOR A THRESHOLD FOR EVICTIONS FOR NON-PAYMENT OF RENT FOR ALL RESIDENTIAL RENTAL UNITS AND TENANT RELOCATION ASSISTANCE FOR ECONOMIC DISPLACEMENT C.F. 21-0042-S4 AND 21-0042-S5)

On January 20, 2023, the City Council approved adoption of ordinances to sunset the COVID-19 Tenant Protections and adopt “Just Cause” eviction protections for renters not currently protected by the RSO. The Council also requested the City Attorney to prepare ordinances to implement the following recommendations to strengthen protections against tenant displacement:

1. A minimum threshold for evictions when tenants fall behind in payment of rent, which would allow tenants an opportunity to make up temporary financial setbacks in their ability to pay rent; and
2. A citywide Relocation Assistance Economic Displacement program that would require relocation payments to residential tenants forced to relocate if their landlord imposes a rent increase greater than 10% or the CPI plus 5%, whichever is lower.

The ordinances to effectuate these items were considered at a Special meeting of the Housing and Homelessness Committee on January 24, 2023 (City Attorney Reports No. 23-0016 and 23-0017 and the related draft Ordinances). The Committee also considered amendments to the recommendations contained in said City Attorney report submitted by Councilmembers Lee and Blumenfield. After hearing public comment, the Committee moved to adopt the recommendations contained in the City Attorney report, as amended; the motion failed due to the lack of a majority vote.

This Supplemental Report summarizes the status of questions asked of LAHD at both the Council meeting on January 20 and the Housing and Homelessness Committee on January 24, 2023.

1. Creation of a Relief Program for “Mom & Pop” Landlords

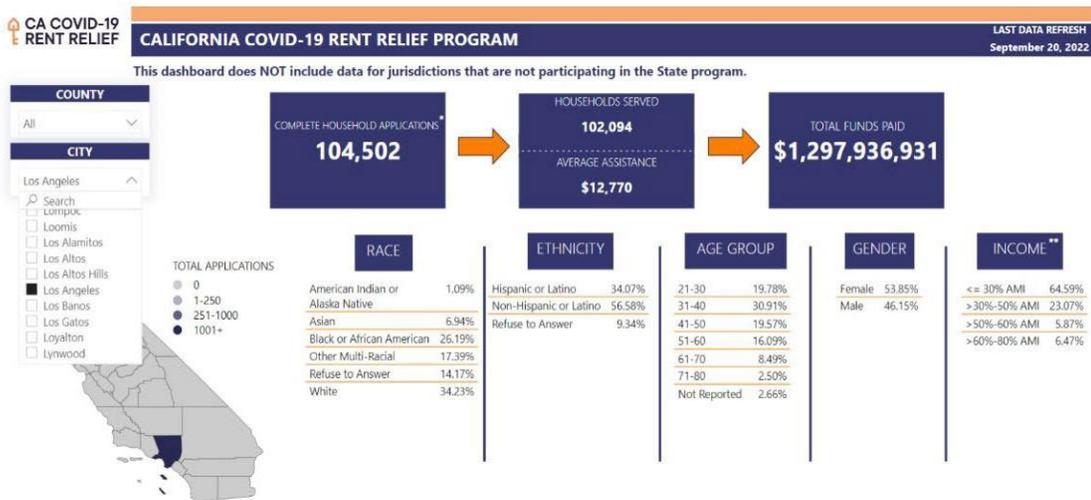
Los Angeles County recently allocated \$3 million in ARPA funding to a new Non-Mortgage Small Landlord Assistance Program. The Program targets landlords that are struggling due to unpaid rent and that do not carry a mortgage and on the property. The County will launch a separate program on March 31, 2023 called the Mortgage Relief Partnership Program, that targets landlords struggling with mortgage and utility costs. Under the proposed non-Mortgage Small Landlord Assistance Program, direct assistance would be provided to qualifying landlords in the rental communities hardest-hit by the pandemic. Eligible landlords could receive up to \$30,000 to pay for the preservation, upkeep or maintenance of the property (including property insurance costs, repairs, refurbishments, utilities debt or other work performed on the property that directly benefits the tenants). As a condition of participation in the program, the landlord would be required to agree that acceptance of the County funds would fully satisfy the amount of unpaid rent claimed, regardless if it exceeds the amount of County funds received. To be eligible for assistance, the small landlord must not have an active trust deed or mortgage, and be able to demonstrate unpaid rent in an amount equal to or more than the amount of assistance being requested. While there is no income eligibility, it is proposed that priority be given to landlords at or below 80% of Area Median Income.

The City’s Economic and Workforce Development Department (EWDD) has a small business lending program that could coordinate with a City Small Landlord Assistance Program and could provide some funding. LAHD also could identify funds from the department’s budget; some Council offices have also indicated a desire to provide financial support. LAHD will work with the EWDD and L.A. County and report back within 60 days on options and available funding forces to launch a City program to assist landlords, particularly landlords whose tenants have not qualified for existing rental assistance programs. The program recommendations will include funding sources and parameters including:

- a. The size of the landlord’s portfolio
- b. The economic status of the landlord and tenants, such as receipt of rental assistance
- c. The landlord’s compliance with health and safety codes and City laws related to tenancy.

2. Report Back on the Number of Renters Who Owe Rent & Funding Available to Assist “Mom & Pop” Landlords

As of January 24, 2023, the California Housing Is Key (HIK) Program has paid almost \$1.3 billion in rental assistance for 102,094 renters out of 104,502 (97%) of completed applications. Included in these 104,502 applications are 40,432 applications referred to the state program by LAHD, when the City elected to partner with the State program for ERAP 2. All eligible applicants for the City program were either paid rental assistance or referred to the State program for funding, thus no wait list was needed.



In addition to the rental assistance paid by the State, the LAHD paid \$221 million for 17,992 City renters in 2021. Additionally, LAHD paid \$98 million for 49,000 renters in 2020. Combined, **\$1.6 billion** in COVID-19 pandemic rental assistance was provided for Los Angeles City landlords and renters. LAHD worked closely with the Housing Is Key program, which reported that all eligible renters who completed an application by March 31, 2022 were provided with assistance. However, data is not available on the amount of rental debt owed by renters subsequent to March 31 and/or renters who did not apply or qualify for rental assistance under the COVID-19 Rent Relief programs. Rental assistance available was limited to renters with household incomes at or below 80% of Area Median Income (AMI).

The LAHD report of August 25, 2022, identified areas of the City with expected higher housing insecurity and slightly lower application rates (10%) than more affluent areas. LAHD recommended at the time that future funding opportunities target those identified neighborhoods as having greater housing insecurity. To further identify the gap in unmet need for rental assistance, LAHD can explore options for an assessment of outstanding need through an agreement with a research team or university, such as UPenn, which has conducted research on rental assistance programs nationwide, including the City’s or USC or UCLA, and report back on options. Such an assessment can include a survey on outstanding rental arrears in cooperation with local landlord associations in conjunction with LAHD’s report on Item 1) above.

3. Report Back on Amended Formula for Tenant Qualification for Relocation Assistance Due to Economic Displacement

Approximately 84,000 multi-family residential units built in the fifteen years since 2008 would not be covered by the RSO or California law, and would therefore be subject to the proposed economic displacement provisions. LAHD estimates that the majority of these newer units are rented at market rents of at least \$3.00 per square foot. Many are located in Downtown Los Angeles and other high priced markets. LAHD recommends that the City Council consider limiting relocation assistance for economic displacement to units at or below 1.5 times the Fair Market Rent for the size of the rental unit. This would limit the instances where relocation assistance is required for higher income

households. Additionally, the existing framework as recommended limits relocation assistance to renters of privately owned (non-corporate) single family homes to one month's rent.

4. Eviction Threshold

Councilmembers have raised questions on the proposed eviction threshold requirement and whether this policy would allow tenants a permanent rent discount in their legal monthly rent. As proposed the recommendation was intended to prevent evictions when tenants fall behind on their monthly rent due to a temporary financial crisis. Opportunity for abuse of this protection can be addressed by limiting the number of months a renter could remain in arrears on their rent and the number of times a renter can avail themselves of this protection per year. In order to allow sufficient opportunity to adopt a reasonable and workable policy on this issue, LAHD recommends that the Rent Adjustment Commission (RAC) be instructed to develop rules to regulate the eviction threshold within 45 days and submit these for Council review.

5. Recommendations for the City Attorney

Finally, at the January 24th Housing and Homelessness Committee meeting, the City Attorney was requested to:

- a. Include a severability clause in the proposed ordinances
- b. Amend Section 165.09.A to clarify that a rent increase that would trigger the displacement provisions should be based on the contracted monthly rent for the unit, excluding any promotional rents or rent discounts.

Thank you for the opportunity to comment on these recommendations. Further actions recommended herein will provide guidance for tenants and property owners on the implementation of these expanded protections.

Sincerely,



Ann Sewill
General Manager