

CF 14-0268-S13

Tenant Anti-Harassment Ordinance

[Link to Council File](#)



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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May 7, 2020

Council File: 14-0268-S13
Council District: Citywide
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 300, City Hall
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Attention: Heleen Ramirez
Legislative Coordinator

**COUNCIL TRANSMITTAL: REPORT BACK ON COSTS AND FUNDING
ASSOCIATED WITH IMPLEMENTATION OF A CITYWIDE TENANT ANTI-
HARASSMENT PROGRAM**

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA), respectfully requests that the Mayor and City Council approve the recommendations in this report, relative to funding necessary to implement a citywide Tenant Anti-Harassment ordinance, as recommended by the Housing Committee. In response to escalating reports of harassment by landlords to induce their tenants to involuntarily vacate their housing, the Tenant Anti-Harassment ordinance would prohibit harassment of renters in multi-family units and corporate-owned single-family homes and condominiums.

Through this report back, HCIDLA requests an increase of \$2.86 per unit in the annual Rent Stabilization Ordinance (RSO) rental unit registration fee effective in January 2021, approval of a new fee for rentals in non-RSO units in order to fund investigation, enforcement, mediation and referrals services for the Tenant Anti-Harassment Program.

HCIDLA was requested to prepare recommendations to implement this program without hiring staff during the City's Hiring Freeze related to the COVID-19 pandemic. HCIDLA is, therefore, recommending that the City Council instruct the City Attorney to draft the ordinance defining and prohibiting tenant harassment, which will provide tenants with immediate protections in the law and the ability to seek legal assistance when faced with prohibited conduct which constitutes harassment.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

- A. AUTHORIZE HCIDLA to provide program oversight to implement the Tenant Anti-Harassment Program and conduct a public outreach campaign to inform City residents about the availability of this program to prevent displacement and constructive eviction of the City's renters;
- B. APPROVE an increase of \$2.86 per unit in the annual rental unit registration fee under the Rent Stabilization Ordinance (RSO) from \$38.75 to \$41.61 in order to fund services related to tenant anti-harassment for rental units subject to the RSO;
- C. APPROVE the establishment of a new annual fee of \$2.86 for all non-RSO multi-family rentals, as well as rentals in corporate owned single-family homes and condominiums in order to fund the enforcement of tenant anti-harassment efforts for non-RSO rental units;
- D. INSTRUCT the City Attorney, in consultation with HCIDLA, to:
 1. Draft an ordinance to define tenant harassment as described on pages five to six of this report and to draft specific amendments to strengthen the RSO to deter tenant harassment by amending the provisions on reductions in services and penalties and remedies for violations of the RSO, as described on pages four through six of this report (pages five through seven of HCIDLA's report of December 3, 2018);
 2. Draft the ordinance(s) necessary to provide remedies consistent with those available to renters in RSO units to renters in all multi-family rental units, as well as corporate-owned single-family homes and condominiums;
 3. Draft an ordinance to adjust the RSO fee by \$2.86 in order to fund the Tenant Anti-Harassment program for RSO units;
 4. Draft an ordinance to create the new fee of \$2.86 for all non-RSO multi-family rentals, as well as rentals in corporate owned single-family homes and condominiums in order to fund the enforcement of tenant anti-harassment efforts for non-RSO rental units. The fee shall be paid annually by landlords, who may pass through 1/12th of 50% of the fee to their tenants on a monthly basis;
 5. Draft an ordinance that will establish within the Treasury of the City of Los Angeles a new fund to be known as the "***Non-RSO Rental Unit Fund***" (Fund) for the receipt of the new \$2.86 annual fee for non-RSO multi-family rentals and for the disbursement of funds to support the program. All interests and other earnings attributable to monies in the new Fund shall be credited to the Fund and devoted to the purposes of the Fund;
 6. Report back on the feasibility of adopting a rent-roll back provision for RSO units, when there is a finding of tenant harassment;
- E. AUTHORIZE one (1) position authority in the Office of the City Attorney to oversee the mediation and dispute mediation component and related litigation associated with the Tenant Anti-Harassment Program, effective July 1, 2020, subject to paygrade determination by the Office of the City Administrative Officer (CAO);

Number	Position Title	Class Code	Department
1	Deputy City Attorney III	0596	City Attorney

- F. EXEMPT the position above from the Hiring Freeze;
- G. INSTRUCT HCIDLA to work with the Rent Adjustment Commission (RAC) to adopt rules and regulations to implement a Tenant Anti-Harassment ordinance; and
- H. INSTRUCT HCIDLA to report back with recommended contracting authorities necessary to provide personnel resources to implement the program.

BACKGROUND

A minority of unscrupulous landlords are reported to employ coercive tactics such as reducing housing services, issuing eviction notices based on false grounds, threatening to contact immigration authorities or refusing to conduct repairs required by law in order to induce tenants to vacate their RSO housing, subsequently allowing landlords to raise rents to market rate. Often, these activities are conducted by new owners of long-time rent-stabilized properties interested in profiting in a tight, expensive real estate market. In response to similar trends statewide, several jurisdictions such as San Francisco, Santa Monica and West Hollywood have adopted tenant anti-harassment statutes.

On May 8, 2019, the Housing Committee considered a December 3, 2018 HCIDLA report relative to recommendations to adopt a Tenant Anti-Harassment ordinance, in response to a motion by Councilmembers Jose Huizar and Marqueece Harris-Dawson (Council File No. 14-0268-S13) instructing HCIDLA to review tenant harassment ordinances of other jurisdictions and to report back on the feasibility of adopting a similar ordinance for the City of Los Angeles. After consideration, the Committee agreed to recommend that the City Attorney draft an ordinance to prohibit the harassment of renters in both RSO and non-RSO multifamily housing units. On May 17, 2019, the file was transmitted to the Budget and Finance Committee for further consideration related to funding of the new program.

The motion instructed HCIDLA to review the ordinances of San Francisco, Santa Monica, and West Hollywood and report on the feasibility of adopting a similar ordinance in Los Angeles. HCIDLA staff additionally reviewed ordinances in Berkeley, San Jose and Oakland and spoke with Rent Board and City Attorney staff in most of these jurisdictions. Managers of the statewide Rent Stabilization programs report that their respective ordinances often serve as a deterrent to illegal conduct and assist tenants in their legal defense against landlords who engage in harassment. Only the most egregious cases are prosecuted as violations of tenant anti-harassment laws.

HCIDLA’s recommendations incorporated the best practices in the various jurisdictions consulted and, in particular, recommend the adoption of enhanced penalties for harassment of vulnerable tenants as adopted by the City of Santa Monica, which imposes additional civil penalties of \$5,000 for harassment of elderly and disabled tenants in order to deter owner misconduct directed at long-term tenants who may be prime targets of property owners who would prefer higher-paying renters.

Additionally, the City of West Hollywood (WEHO) offers services through the City's Mediator Office. If mediation fails, their Legal Services Division initiates an investigation and determines whether the landlord's actions constitute a violation of the harassment code. If the evidence supports a finding of harassment, the case is referred to the City Prosecutor for further action. HCIDLA recommends a similar model for the City of Los Angeles and, therefore, the recommendations include funding and position authority for staff in HCIDLA as well as in the Office of the City Attorney. Of note, West Hollywood provides for a roll-back of rent levels when there is a finding of harassment. HCIDLA recommends that the City Attorney report back on the feasibility of adopting a rent roll-back provision in RSO units when there is a finding of tenant harassment.

After reviewing the application of statewide Tenant Anti-Harassment ordinances, HCIDLA presented a number of recommendations for a Tenant Anti-Harassment Program to:

- Define and codify illegal harassment activities and provide remedies for the range of "harassment" activities;
- Serve as a deterrent to landlords who may be inclined to illegally pressure tenants to vacate their rental units ("constructive eviction");
- Prevent harassment through landlord/tenant outreach and education;
- Expand resources to resolve landlord-tenant conflict through mediation through the City Attorney's Dispute Resolution Program;
- Provide an affirmative defense for tenants in eviction cases when landlords engage in actions that constitute tenant harassment;
- Deter tenant harassment by strengthening civil penalties in affirmative actions against landlords who engage in such actions by:
 - a. Providing that any aggrieved party or the City may institute a civil proceeding for injunctive relief and damages for violations of the Tenant Anti-Harassment ordinance which may include costs and reasonable attorneys' fees;
 - b. Giving courts discretion to award a penalty of up to \$10,000 depending on the severity of a case (similar to the City of Santa Monica);
 - c. Adding a separate civil penalty of up to \$5,000 for violations of the Tenant-Anti Harassment ordinance committed against elderly or disabled tenants (as provided by the City of Santa Monica);
- Amend LAMC Section 151.10.B to classify violations of the eviction provisions of the RSO in LAMC 151.09.A (legal reasons for eviction), 151.09.B (retaliation), and 151.09.D (evictions for changes in terms of tenancy related to pets) as misdemeanors which are grounds for criminal prosecution;
- Amend the maximum fines levied for violations of the RSO which are misdemeanors from "not more than \$1,000" to not more than \$10,000, with an added penalty of up to \$5,000 for violations committed against elderly or disabled tenants. (LAMC 151.10);
- Specify that violations of the Tenant Harassment provisions are misdemeanors subject to the remedies available under the LAMC 151.10; and
- Disallow the removal of parking when this service is included in an existing lease, as recommended by the Rent Adjustment Commission, which noted that removal of parking is often one of the first elements in a pattern of harassment.

The Housing Committee considered this item on two separate occasions on January 23, 2019, and May 8, 2019, after requesting HCIDLA to meet with advocates and refine the proposed definition of “Tenant Harassment.” At the meeting of May 8, 2019, the Housing Committee endorsed a revised definition of Tenant Harassment, as follows:

Tenant Harassment shall be defined as a knowing and willful course of conduct directed at a specific person that seriously alarms, annoys, or harasses the person, and that serves no legitimate purpose (Code of Civil Procedure 527.6(b)(3), including but not limited to:

- 1. Reducing or eliminating housing services required by a lease, contract or law, including the elimination of parking services if provided in the tenant’s lease or contract.***
- 2. Failing to perform and timely complete necessary repairs and maintenance required by State, County or local housing, health, or safety laws or failure to follow appropriate industry standards to minimize exposure to noise, dust, lead paint, asbestos or other building materials with potentially harmful health impacts.***
- 3. Abuse of the right of access into a rental housing unit as established and limited by California Civil Code Section 1954, including entering or photographing portions of a rental housing unit that are beyond the scope of a lawful entry or inspection.***
- 4. Threatening a tenant, by word or gesture, with physical harm.***
- 5. Misrepresenting to a tenant that the tenant is required to vacate a rental housing unit or enticing a tenant to vacate a rental housing unit through an intentional misrepresentation(s) or the concealment of a material fact.***
- 6. Threatening or taking action to terminate any tenancy including service of any notice to quit or other eviction notice or bringing action to recover possession of a rental housing unit based on facts which the landlord has no reasonable cause to believe to be true or upon a legal theory which is untenable under the facts known to the landlord. No landlord shall be liable under this subsection for bringing an action to recover possession unless and until the tenant has obtained a favorable termination of that action.***
- 7. Threatening to or engaging in any act or omission which interferes with the tenant’s right to use and enjoy the rental unit or whereby the premises are rendered unfit for human habitation and occupancy.***
- 8. Refusing to acknowledge or accept receipt of lawful rent payments as set forth in the lease agreement or as established by the usual practice of the parties.***
- 9. Inquiring as to the immigration or citizenship status of a tenant, prospective additional tenant, occupant or prospective additional occupant of a rental unit, or requiring any of these to make any statement, representation or certification concerning his or her immigration or citizenship status.***
- 10. Disclosing or threatening to disclose to any person or entity information regarding the immigration or citizenship status of a tenant.***
- 11. Threatening to report tenants to immigration authorities, whether in retaliation for engaging in legally protected activities or to influence them to vacate.***
- 12. Engaging in an activity prohibited by federal, state or local housing discrimination laws.***
- 13. Retaliating, threatening or interfering with tenant organizing activities, including forming or participating in tenant associations and unions.***
- 14. Interfering with a tenant’s right to privacy or requesting information that violates a tenant’s right to privacy including, but not limited to, residence or citizenship status or social security number, except as required by law or, in the case of social security number, for the purpose of obtaining information for the qualifications for a potential tenancy.***
- 15. Offering payments to a tenant to vacate without providing written notice to the tenant of his or her rights under LAMC 151.31 (Tenant Buyout Notification Program), using the form prescribed by the Housing + Community Investment Department. However, this shall not prohibit offers made in pending unlawful detainer actions.***

Implementation of the Tenant Anti-Harassment Ordinance

Triaging Complaints - In its report of December 3, 2018, HCIDLA proposed a comprehensive program to address and reduce harassment of tenants intended to induce tenants to involuntarily vacate their homes (constructive eviction). HCIDLA proposed to triage harassment complaints through existing legal avenues and existing programs to address habitability and code violations, violations of the RSO, and referrals to the Housing Rights Center when there are allegations of housing discrimination. Adoption of a Tenant Anti-Harassment ordinance will result in a significant increase in the 10,000 annual RSO tenant complaints currently filed.

Once the City's hiring freeze is lifted, HCIDLA proposes to employ a Senior Housing Investigator and Housing Investigator to triage allegations of tenant harassment and determine the best avenue to resolve a complaint. In the interim, HCIDLA will seek to obtain these services in part by hiring paralegal staff through a legal temporary agency and will report back on further contract authorities necessary to provide personnel resources for the Tenant Anti-Harassment Program.

Landlord-Tenant Mediation Services - While existing laws can be utilized to address RSO, Housing Code, and fair housing violations, charges of harassment will often be difficult to resolve. HCIDLA currently collaborates with the Dispute Resolution Program of the Office of the City Attorney on certain types of tenant complaints. In order to address more subjective situations which may involve misunderstandings or cultural differences that can be perceived as harassment, HCIDLA's recommendations in its December 3, 2018 report included augmenting staff resources in the City Attorney's Dispute Resolution Program to provide landlord-tenant mediation services and assist in complaint resolution.

Once the City's hiring freeze is lifted, the Office of the City Attorney recommends hiring two (2) City Attorney Administrative Coordinator positions. In the interim, HCIDLA recommends that temporary paralegal staff be hired through a temporary agency to coordinate cases and provide mediation services under the direction of the Office of Dispute Resolution. However, the City Attorney reports that paralegals must be supervised by attorneys. According to the City Attorney's Office, which provides legal counsel to HCIDLA on the civil side and prosecutes cases on the criminal side, the supervising attorney must be a Deputy City Attorney. The Office of the City Attorney does not have available staff resources to take on this work; therefore, the City Attorney's Office is requesting approval for hiring authority and an exemption from the hiring freeze to allow the City Attorney to hire one (1) Deputy City Attorney to oversee the mediation component and related litigation for the Tenant Anti-Harassment Program.

Outreach & Education – Public awareness will play a major role in the success of the ordinance. HCIDLA is engaged in ongoing Landlord-Tenant outreach and education efforts and proposes to expand those efforts to conduct a public outreach campaign to inform City residents about the availability of the Tenant Anti-Harassment Program to prevent displacement and constructive eviction of the City's renters. Outreach tools include informational bulletins; fact sheets, Frequently Asked Questions (FAQs) and regular updates on the HCIDLA webpage; webinars and virtual community “tele-town hall meetings”; a social media campaign on platforms such as Facebook, Instagram and Twitter; development of informational materials in multiple languages including Spanish, Korean, Armenian, Russian, Chinese, and Tagalog; and outreach to Spanish and Korean media. HCIDLA will conduct a “Train the Trainers” campaign to leverage resources and involve community organizations to inform landlords and renters about the new law.

Once the City's hiring freeze is lifted, HCIDLA recommends hiring one (1) Housing Investigator and one (1) Communication Information Representative to perform these duties. In the interim, HCIDLA will seek to obtain these services through temporary staffing agencies for paralegal and clerical personnel, or alternatively, an outside consultant. HCIDLA will report back on the additional contract authorization necessary to do so.

Scope of the Ordinance

HCIDLA requested direction on the scope of the ordinance and whether the ordinance should apply only to RSO units or to all rental units. A citywide ordinance applicable to all rental units would expand the scope by about 200,000 units. Additionally, there was discussion during public testimony on whether the ordinance should apply to rentals of single-family homes. The Housing Committee approved the application of the proposed Tenant Anti-Harassment ordinance to all multi-family rentals. Since the consideration of this item, Assembly Bill (AB) 1482, which expands rental protections to non-RSO units built more than 15 years ago, became effective on January 1, 2020. In addition to multi-family rentals, AB 1482 regulates rentals in corporate owned single-family homes and corporate owned-condominiums. Therefore, HCIDLA is modifying its recommendation to include rentals in corporate owned single family homes and condominiums in the provisions of the Tenant Anti-Harassment ordinance.

Whether the City Council approves authorization for hiring of program staff or elects to initially implement the Tenant Anti-Harassment Program through contract services, the City Attorney should immediately draft the ordinances necessary to codify these protections in the Los Angeles Municipal Code.

Staffing and Resources

Adoption of a Tenant Anti-Harassment ordinance will be ineffective without adequate enforcement tools. With approximately 640,000 RSO units, Los Angeles has the second largest inventory of rent-stabilized housing in the nation (second only to New York's 1.1 million units). The total number of units subject to the Tenant Anti-Harassment ordinance in the first year of the program is approximately 852,000 units, including 640,000 RSO units, 191,000 multi-family non- RSO units, 14,000 corporate owned single-family homes and 7,000 corporate- owned condominiums built after 1978. HCIDLA currently investigates approximately 10,000 annual tenant complaints of possible RSO violations for illegal rent increases, illegal evictions, failure to post the RSO notification, non-registration of rental units, illegal tenant buy-out agreements, and denial of relocation assistance, based on existing provisions of the RSO. Thirty-six percent (36%) of complaints filed are for illegal evictions, 23% are for illegal rent increases, and 20% are based on reductions in housing services. Adoption of an Anti-Harassment ordinance will result in an expansion of the number and types of complaints received, as well as in in-person and telephone inquiries.

HCIDLA's report of December 3, 2018 recommended approval of sufficient staff resources to launch a comprehensive citywide program applicable to both RSO and non-RSO rental units. HCIDLA's recommendations for launch of a comprehensive citywide program included the authorization to employ a total of seven (7) positions: two (2) Housing Investigators, a Senior Housing Investigator, and one (1) Communications Information Representative to be employed at HCIDLA, as well as a dedicated City Attorney and two (2) City Attorney Administrative Coordinators in the City Attorney's Office of Dispute Resolution. The estimated annual cost for the seven (7) positions is \$2 million, to be funded by fees to be shared equally by landlords and

tenants. The program, therefore, does not rely on funding by the General Fund. If approved, these positions would need to be approved effective July 1, 2020, as part of the Fiscal Year 2020-21 Budget and exempted from the Hiring Freeze.

Tenant Anti-Harassment Staffing – Citywide Program

Number	Position Title	Class Code	Department
1	Communication Information Rep	1461-2	HCIDLA
2	Housing Investigator	8516-1	HCIDLA
1	Sr. Housing Investigator	8517-1	HCIDLA
2	City Attorney Administrative Coordinator	0567	City Attorney
1	Deputy City Attorney III	0596	City Attorney
7	TOTAL POSITIONS		

Successful implementation of a robust citywide Tenant Anti-Harassment Program requires adequate personnel resources. Alternatively, the City can adopt an ordinance which provides tenants with the legal grounds to pursue cases civilly, together with penalties sufficient to deter harassment, as described in HCIDLA’s recommendations.

HCIDLA and the Office of the City Attorney’s analysis of the resources necessary to administer this new ordinance indicated the need to increase staffing. However, due to the current citywide hiring freeze, HCIDLA is not seeking position authorities at this time and will report back under separate cover with service contract recommendations. While noting that these positions would be funded by a fee for service to be paid 50%-50% by landlords and tenants, the program could be initially launched by hiring paralegal staff and a hotline operator through temporary employment agencies. Once the citywide hiring freeze is lifted, HCIDLA will report back on additional authorities necessary to secure staff resources through outside contractors in order to fully implement the program. However, approval of position authority and an exemption from the hiring freeze is needed for one (1) Deputy City Attorney.

Funding

HCIDLA included an estimated staffing request with its December 3, 2018 recommendations on the adoption of a Tenant Anti-Harassment Program that presented two options - one for an RSO only program and one for a citywide program. On May 8, 2019, the Housing Committee endorsed adoption of a citywide program. At that time, HCIDLA was estimating the citywide program to require seven (7) staff positions, including three (3) in the Office of the City Attorney for the dispute resolution component, at an estimated annual cost of \$1.6 million, representing an annual fee of \$3.00 per unit (Attachment 1).

Subsequently, in October 2019, HCIDLA submitted a report recommending an adjustment to the annual fee RSO rental unit registration fee (Council File No. 19-1202), which funds the administration and enforcement of the RSO. The fee analysis was prepared by an independent consultant, BAE Urban Economics. The Tenant Anti-Harassment Program is one of four proposed new programs that would strengthen protections and establish resources for Los Angeles renters.

Included in HCIDLA’s October 2019 fee analysis and recommended adjusted fee of \$44.31 were fees of \$0.98 for implementation of a Just Cause evictions program, \$1.32 for Rent Division

components of an Eviction Defense Program, and \$3.00 for the Tenant Anti-Harassment Program. These portions of the fee were not recommended for approval because the Just Cause, Eviction Defense and Tenant Anti-Harassment programs had not been formally adopted at that time and are still pending adoption. Consequently, the annual RSO fee ultimately approved in December 2019, was \$38.75. HCIDLA was instructed to conduct a new fee study and request funding approval for the new programs once the programs were approved.

Fee Analysis

HCIDLA requested BAE Urban Economics to update the recommended fee to implement the Tenant Anti-Harassment Program, to commence on July 1, 2020. BAE completed an updated review of the program costs (Attachment 2). BAE was tasked to complete an updated analysis that would determine a recovery fee amount that would fund this new program for a three-year term commencing on July 1, 2020 through December 31, 2023. In the first year, the Tenant Anti-Harassment ordinance would apply to approximately 640,000 RSO units, 14,000 corporate-owned single-family homes, 7,000 corporate owned condominiums and 191,000 multi-family units built after 1978.

Based on the revised analysis estimating an annual cost of approximately \$2 million per year, the recommended program fee for the Tenant Anti-Harassment Program is \$2.86 per unit per year, which would fund the program through December 31, 2023. HCIDLA recommends that the current annual RSO fee of \$38.75 be increased by this amount beginning with the 2021 annual bill for RSO units, for a total new annual fee of \$41.61. The RSO rental unit registration fee is paid by landlords on an annual basis; 50% of the fee may be passed through to tenants as a monthly surcharge. Tenants' share of the new fee would be \$1.43 per year, or \$0.12 per month. The total new annual RSO fee of \$41.61 will continue to be the lowest fee for any rent-controlled jurisdiction in California.

In order to provide services for non-RSO units, HCIDLA recommends the establishment of a new Rental Unit registration fee for rentals in non-RSO multi-family buildings, as well as corporate-owned single family homes and corporate-owned condominiums constructed after October 1, 1978, to be known as the "***Non-RSO Rental Unit Fund.***" The RSO fee is utilized to provide a variety of services to renters and landlords of rental units subject to the RSO, which are generally units constructed on or before October 1, 1978, but as referenced in prior reports, cannot be utilized for services for non-RSO units. In the current housing and economic climate, there is a need for programs, such as Tenant Anti-Harassment and Just Cause eviction protections, which address the needs of renters of the approximately 200,000 rental units constructed in the last 42 years. Additionally, HCIDLA's transmittal report on the implementation of AB 1482 is pending Council consideration. AB 1482, which became effective January 1, 2020, extends protections against excessive rent increases and arbitrary evictions to rental units constructed after 1978 but more than 15 years ago. Each of these program components will be vetted separately for Council approval in the coming weeks. At this time, HCIDLA is recommending the establishment of the fee for non-RSO rental units and approval of an initial annual fee of \$2.86 per unit for the Tenant Anti-Harassment Program. Similar to the RSO fee structure, HCIDLA recommends that the fee amount be billed annually to landlords, who may pass through 50% of the fee (\$0.12) on a monthly basis to their tenants.

Role of the Rent Adjustment Commission

LAMC Chapter XV, Article 1, Section 151.00 et seq. establishes the Rent Adjustment Commission (RAC) and tasks the commission with the responsibility to issue orders and promulgate policies, rules and regulations to carry out the RSO. Testimony to the RAC and complaints filed with HCIDLA describe on-going issues with landlords who remove services, such as parking, laundry

or utilities. Because parking is a scarce, expensive commodity and the removal of parking may result in a constructive eviction (where the tenant is forced to relocate due to unreasonably burdensome changes in the terms of tenancy), the RAC has proposed to amend their Regulations to bar the removal of parking when that service is included in the lease. HCIDLA, therefore, recommends that the RSO be amended to disallow parking removal when this service is included in an existing lease. The Tenant Anti-Harassment ordinance should include an instruction to the Commission to adopt additional regulations necessary to implement the ordinance.

FISCAL IMPACT STATEMENT

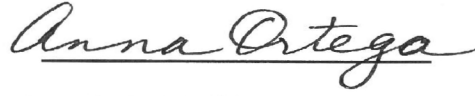
Implementation and enforcement of an effective Tenant Anti-Harassment ordinance will require resources and funding. HCIDLA recommends an increase of \$2.86 in the annual RSO rental unit registration fee effective in January 2021 and authorization of a new annual fee of \$2.86 for non-RSO multi-family rental units, as well as rentals of corporate-owned single family homes and condominiums. These new fees are forecast to provide sufficient funding to administer the Tenant Anti-Harassment Program effective July 2020. If the proposed fees are approved, HCIDLA's proposed actions will have no impact on the General Fund. Fees collected will fund program services, whether delivered through City staff or through hiring outside contractors to perform part of this work.

Prepared By:




VALERIE STEFFENS
Senior Management Analyst I

Reviewed By:



ANNA ORTEGA
Director, Rent Stabilization

Reviewed By:



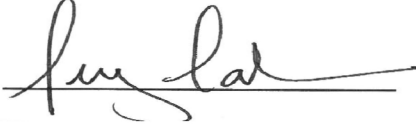
ROBERTO H. ALDAPE
Assistant General Manager

Reviewed By:



LYNDON O. SALVADOR
Director of Accounting

Reviewed By:



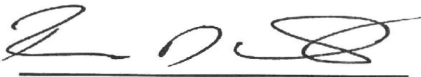
LUZ SANTIAGO
Assistant General Manager

Reviewed By:



LAURA K. GUGLIELMO
Executive Officer

Approved By:



RUSHMORE D. CERVANTES
General Manager

ATTACHMENTS:

- Attachment 1 - Tenant Anti-Harassment Staffing
- Attachment 2 - Fee Study Bae Urban Economics



Tenant Anti-Harrasment Staff Budget FY 2019-20

Rent Stabilization Ordinance (RSO)

NO	Job Classification	FTE	Salaries	Lease	GASP	TOTAL	Related Costs CAP 41	GRAND TOTAL
1	COMMUNICATIONS INFORMATION REPRESENTATIVE II	100%	\$ 71,293.51	\$ 10,694.03	\$ 16,297.70	\$ 98,285.23	\$ 57,319.98	\$ 155,605.21
1	HOUSING INVESTIGATOR I	100%	\$ 82,568.92	\$ 12,385.34	\$ 18,875.26	\$ 113,829.51	\$ 66,385.41	\$ 180,214.92
1	SENIOR HOUSING INVESTIGATOR I	100%	\$ 121,511.16	\$ 18,226.67	\$ 27,777.45	\$ 167,515.29	\$ 97,694.97	\$ 265,210.26
1	CITY ATTORNEY ADMIN. COORDINATOR I	100%	\$ 89,509.64	\$ 13,426.45	\$ 20,461.90	\$ 123,397.99	\$ 71,965.75	\$ 195,363.73
1	DEPUTY CITY ATTORNEY III	100%	\$ 185,759.47	\$ 27,863.92	\$ 42,464.61	\$ 256,088.01	\$ 149,350.61	\$ 405,438.62
5	TOTALS		\$ 550,643	\$ 82,596	\$ 125,877	\$ 759,116	\$ 442,717	\$ 1,201,833

Non-Rent Stabilization Ordinance (RSO)

NO	Job Classification	FTE	Salaries	Lease	GASP	TOTAL	Related Costs CAP 41	GRAND TOTAL
1	HOUSING INVESTIGATOR I	100%	\$ 82,568.92	\$ 12,385.34	\$ 18,875.26	\$ 113,829.51	\$ 66,385.41	\$ 180,214.92
1	CITY ATTORNEY ADMIN. COORDINATOR I	100%	\$ 89,509.64	\$ 13,426.45	\$ 20,461.90	\$ 123,397.99	\$ 71,965.75	\$ 195,363.73
2	TOTALS		\$ 172,079	\$ 25,812	\$ 39,337	\$ 237,227	\$ 138,351	\$ 375,579

NOTE:

- * FTE: Full Time Equivalent
- * Salaries per FY 2019-20 Wages and Count with 3% Cost of Living Adjustment (COLA)
- * City Attorney Admin. Coordinator I salary per Step 15 on City Pay with 3% Cost of Living Adjustment (COLA)
- * Lease Calculation 15%
- * General Administration Support Program (GASP) cost 22.86%
- * Related Costs: Cost Allocation Plan (CAP) 41 Enforcement Rate 80.40%

Last Update: 06/26/2019

POSITION COUNT	7
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GRAND TOTAL	\$ 1,577,411
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Memorandum

To: Anna Ortega, Director
Rent Stabilization Division, HCIDLA

From: Lisa Varon, Vice President
Denim Ohmit, Senior Analyst

Date: April 28, 2020

Re: Tenant Anti-Harassment Ordinance Fees Update

This Tenant Anti-Harassment Ordinance Fees Update determines a three-year cost recovery fee amount that, in addition to other projected revenues, will fund the City of Los Angeles Housing + Community Investment Department's (HCIDLA) administration of this new program for a three-and-a-half-year term from July 1, 2020 through December 31, 2023.

In response to escalating reports of harassment by landlords to induce tenants to involuntarily vacate their housing, the Tenant Anti-Harassment Ordinance would prohibit harassment of renters in Rent Stabilization Ordinance (RSO) units, non-RSO multifamily units, corporate-owned single-family rentals, and corporate-owned condominium rentals. The City of Los Angeles' Housing Committee approved the recommendations for adoption of a Tenant Anti-Harassment Ordinance on May 8, 2019 and referred the matter to the Budget & Finance Committee on May 17, 2019.

The Tenant Anti-Harassment Ordinance is one of four potential new programs in the City of Los Angeles that would strengthen protections and establish resources for renters. The other three potential new programs are a Just Cause Evictions Ordinance that extends rights available to RSO unit renters to Non-RSO unit renters, an Eviction Prevention and Defense program, and local monitoring and enforcement of the State of California Tenant Protection Act of 2019 (AB 1482).

HCIDLA enforces a variety of housing rules, regulations, and policies, including Rent Stabilization Ordinance (RSO) policies to guarantee the implementation of rent control; Housing Trust Fund policies related to the financing, construction, and operations of deed-restricted affordable housing; Systematic Code Enforcement Program (SCEP) activities to ensure the safety and habitability of rental units; and the Accessible Housing Program (AcHP) to implement policies and oversee building design that incorporates physical accessibility

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Washington DC

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Washington, DC 20002
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New York City

234 5th Ave.
New York, NY 10001
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features. The Rent Stabilization Division will be charged with implementing the new tenant protection programs listed above.

BAE conducted an RSO Fee Study (August 2019) that reviewed revenues and expenses associated with RSO implementation, and that calculated an update to the Annual Unit Registration Fee. An Annual Registration Fee of \$38.75 per unit per year was approved by the Housing Committee in October 2019 and is effective as of January 1, 2020. The fee is calculated to fully cover RSO implementation costs for a three-and-a-half-year term ending on December 31, 2023.

As a part of the 2019 RSO Fee Study, BAE reviewed program expenses and per-unit cost recovery fees for three of the four potential new programs: 1) Tenant Anti-Harassment; 2) Just Cause; 3) and Eviction Prevention and Defense. The proposed new programs were yet not approved at the time the RSO Annual Registration Fee was adopted. Since then, the design for all three programs has evolved to include a larger pool of rental units, and the State of California legislature passed the Tenant Protection Act of 2019. RSO Fees would be increased as a result of implementing these proposed new programs and Non-RSO units would be charged for the proposed new programs as well. This update is the first standalone fee study of the four potential new programs.

Specific to the Tenant Anti-Harassment Ordinance implementation, this study assumes that the implementation will begin on July 1, 2020 and that staff costs, non-staff costs, and indirect costs will increase from the original August 2019 projections.

Process to Calculate the Fee

To update the fee calculation for the Tenant Anti-Harassment Program, BAE established a set of budget assumptions including the projected number of units subject to the fee in each fiscal year, projected fee payment participation, and projected program costs for each fiscal year. BAE summed all projected costs and divided by projected and participating units over the three-and-a-half-year fee term to calculate a single annual fee rate for the first three years of program operations.

Budget Assumptions

The budget and fee scenarios and year-to-year budget changes in this study are based on a common set of assumptions for revenues and expenses. The report section below describes these budget assumptions.

Total Units Projected to Pay Fees

The Tenant Anti-Harassment Ordinance will apply to RSO units, and to Non-RSO units including multifamily units not subject to RSO, corporate-owned single-family rentals, and corporate-owned condominium rentals built after 1978 (those built in 1978 or earlier are already reflected in the RSO inventory). HCIDLA estimates that there are 640,000 rental units subject to the RSO ordinance and that are therefore potentially subject to a Tenant Anti-Harassment Ordinance. BAE estimates that 221,071 Non-RSO rental units would initially be subject to the Tenant Anti-Harassment Ordinance.

To arrive at these numbers, BAE projected:

- The number of Non-RSO units by using average annual growth in multifamily units at a rate of 4,780 rental units per year.
- The proportion of Non-RSO units that will participate in paying fee by applying a 75 percent factor in the first year and an 80 percent factor in years two through four.

A detailed description of the methodology used to calculate total units, and total units projected to pay the fee, is provided in the Appendix.

In FY21, a total of 861,071 rental units would be initially subject to the Ordinance. Table 1, below, reports the units subject to the fee through FY24.

Table 1: Total RSO and Non-RSO Rental Units Initially Subject to the Ordinance by Fiscal Year

Fee Year	Projected Number of RSO Units Initially Subject to the Ordinance	Projected Number of Non-RSO Units Initially Subject to the Ordinance	Total Projected Number of Units Initially Subject to the Ordinance
FY21	640,000	221,071	861,071
FY22	640,000	225,851	865,851
FY23	640,000	230,631	870,631
FY24	640,000	235,411	875,411

Sources: City of Los Angeles Systematic Code Enforcement Program (SCEP), 2019; HCIDLA 2019, ListSource, 2019; BAE, 2020.

In FY21, a total of 679,037 rental units are projected to pay the fee to implement the Tenant Anti-Harassment Ordinance. This number increases each year, as shown below in Table 2. Additionally, RSO units comprise the majority of units subject to the fee.

Table 2: RSO and Non-RSO Units Projected to Pay the Tenant Anti-Harassment Ordinance Fee by Fiscal Year

Fee Year	Projected Number of RSO Units to Pay Fee	Projected Number of Non-RSO Units to Pay Fee	Total Projected Number of Units to Pay Fee
FY21	513,234	165,803	679,037
FY22	512,007	180,681	692,688
FY23	510,783	184,505	695,288
FY24	509,562	188,329	697,891

Sources: City of Los Angeles Systematic Code Enforcement Program (SCEP), 2019; HCIDLA 2019, ListSource, 2019; BAE, 2020.

Revenues

It is anticipated that revenue to implement the Tenant Anti-Harassment Ordinance will need to be generated from cost recovery fees. Staff proposes that these funds be placed into the Trust Fund and set-aside (appropriated) solely for this program.

Revenue timing is an important consideration in this analysis. This fee study update assumes that the fee for the Tenant Anti-Harassment Ordinance will be incorporated into the existing Rental Registration Fee, which is effective as of January 1 of each year and mostly collected during January and February. The HCIDLA fiscal year runs from July 1 through June 30. In order to predict this program’s revenue needs, the analysis takes into account how cash flows from one year to the next. The fee is paid on a calendar year basis but collects funds to run the program on a fiscal year basis, as shown in Table 3. Therefore, this analysis incorporates costs associated for operations at the end of the fee term, from July 1, 2023 through December 31, 2023. HCIDLA’s approach is to budget 40 percent of the anticipated expenses for these last six months of the fee term.

Table 3: Anticipated Payment Schedule for Tenant Anti- Harassment Program Cost Recovery Fee

Fiscal Year	Dates Covered by Fee	Fee Paid During
FY21	July 1, 2020 to June 30, 2021	January 1 to February 28, 2021
FY22	July 1, 2020 to June 30, 2022	January 1 to February 28, 2022
FY23	July 1, 2023 to June 30, 2023	January 1 to February 28, 2023
First half FY24	July 1, 2023 to December 31, 2024	Part of fees above (a)

(a) Program costs associated with the first half of FY24 are incorporated into the three-year fee. Following the methodology of the 2019 RSO Rental Registration Fee Study, the analysis for the FY24 fee will incorporate the Trust Fund balance available at that time.

Sources: HCIDLA 2020; BAE, 2020.

Expenses

The expense projections to implement the Tenant Anti-Harassment Ordinance apply several common assumptions, as follows:

- Salaries are drawn from the FY21 Chief Administrative Officer Wages and Count – Employee Compensation Department Summary.
- Cost of Living Adjustments (COLA) are applied to salaries and are assumed to increase at three percent annually for years two, three and four of the fee term.
- Indirect costs are calculated using the following factors applied to all program expenses (staff and non-staff):
 - Indirect Costs (CAP) at 80.40 percent;
 - Allocated Lease and Parking at 15 percent; and
 - The City’s General Administration Support Program (GASP) rate, which estimates overhead, at 22.86 percent.

Staff Expenses

The Tenant Anti-Harassment Ordinance would be implemented by a team, under the management of the Rent Stabilization Division Director, including the following seven staff:

- One Communications Information Representative II
- Two Housing Investigator I
- One Senior Housing Investigator
- Two City Attorney Administrative Coordinator I
- One Deputy City Attorney III

Direct salaries for these seven positions are projected at \$901,698 during the first year of operations, increasing to \$985,310 by the fourth year of operations. BAE modeled three staffing scenarios at zero percent staffing vacancy, three percent staffing vacancy, and ten percent staffing vacancy.

Non-Staff Expenses

Non-staff expenses include printing and binding at \$10,000 per year for the fee term. Office and administration are projected at a one-time, first-year expense of \$42,000 for staff workstations, phones, computers and other office tools and materials.

Program Operations Budget

The Tenant Anti-Harassment Ordinance program operations budget includes direct salaries, and expense allocations associated with leasing and parking, related expenses (CAP), and general administration support (GASP). As indicated in the budget assumptions above, allocated leasing and parking is projected at 15 percent of program expenses, CAP is projected at 80.40 percent of program expenses, and GASP is projected at 22.86 percent of program expenses.

The total annual budget is estimated at \$2,020,046 in the first year of operations and increases to \$2,196,537 by the fourth year. Table 4, below, provides the annual budget and breakdown for FY21 through FY24.

Table 4: Program Operations Budget, Tenant Anti-Harassment Ordinance

Year	Direct Salaries	Leasing & Parking	Related Costs (CAP)	General Administration Support (GASP)	Non-Salary Expenses	Total
FY21	\$901,698	\$135,255	\$724,965	\$206,128	\$52,000	\$2,020,046
FY22	\$928,749	\$139,312	\$746,714	\$212,312	\$46,000	\$2,073,087
FY23	\$956,611	\$143,492	\$769,116	\$218,681	\$46,000	\$2,133,900
FY24	\$985,310	\$147,796	\$792,189	\$225,242	\$46,000	\$2,196,537

Sources: HCIDLA, 2020; BAE, 2020

Proposed Fee

As detailed in Table 5, the proposed fee for full implementation of the Tenant Anti-Harassment Ordinance over a three-and-a-half-year term, from July 1, 2020 through December 31, 2023, is \$2.94 per unit per year. If a three percent staff vacancy budget is assumed for the same fee term, the fee would be \$2.86 per unit per year, and a ten percent staff vacancy budget would result in a cost recovery fee of \$2.65 per unit per year.

Table 5: Proposed Fee to Implement the Tenant Anti-Harassment Ordinance, at Full Capacity, Three Percent Vacancy and Ten Percent Vacancy

Fee Year	Total Units (a)	100 Percent Budget	Per-Unit Fee at 100 Percent Budget	Budget at Three Percent Staff Vacancy (b)	Per-Unit Fee at Three Percent Staff Vacancy	Budget at Ten Percent Staff Vacancy (c)	Per-Unit Fee at Ten Percent Staff Vacancy
FY21	679,037	\$2,020,046	\$2.97	\$1,961,005	\$2.89	\$1,823,241	\$2.69
FY22	692,688	\$2,073,087	\$2.99	\$2,012,275	\$2.91	\$1,870,379	\$2.70
FY23	695,288	\$2,133,900	\$3.07	\$2,071,263	\$2.98	\$1,925,110	\$2.77
FY24	697,891	\$878,615 (d)	\$1.26	\$852,808 (d)	\$1.22	\$792,593 (d)	\$1.14
Totals	2,067,013	\$7,105,648	\$10.30	\$6,897,351	\$9.99	\$6,411,324	\$9.29
Avg.	691,226	\$1,776,412	\$2.94	\$1,724,338	\$2.86	\$1,602,831	\$2.65

Notes:

- (a) Number of RSO units plus all Non-RSO units anticipated to pay the fee during the associated fiscal year.
- (b) Staff salaries at three (3) percent vacancy rate. Indirect costs calculated from the resulting salaries budget.
- (c) Staff salaries at ten (10) percent vacancy rate. Indirect costs calculated from the resulting salaries budget.
- (d) Equals 40 percent of FY24 program operating expenses.

Sources: HCIDLA, 2020; BAE, 2020.

APPENDIX

There are approximately 640,000 rental units are subject to the City of Los Angeles' Rent Stabilization Ordinance. Approximately 20 percent of Rent Stabilization Ordinance (RSO) units receive temporary exemptions because they are owner-occupied, relative-occupied, collected no rent, or are vacant year-round. Therefore, the fee participation rate is 80 percent. The total RSO units anticipated to pay the fee, is based on historical patterns of total units paying the RSO registration fee.

For RSO units, this analysis utilizes an annual reduction factor of -0.239 percent for the total number of units projected to pay fees. The factor of -0.239 percent is based on the average change in number of RSO units with fees paid from 2010 through 2019, as shown in Table 6. The analysis assumes this rate of decline will continue throughout the three-and-a-half-year fee term.

Table 6: Historic Change in Total RSO Units Paying Fees

Calendar Year	# of RSO Units	# Change	% Change
2010	525,820		
2011	521,806	(4,014)	-0.763%
2012	521,013	(793)	-0.152%
2013	523,089	2,076	0.398%
2014	522,174	(915)	-0.175%
2015	526,120	3,946	0.756%
2016	527,703	1,583	0.301%
2017	524,719	(2,984)	-0.565%
2018	525,563	844	0.161%
2019	514,464	(11,099)	-2.112%
Average Change Per Year		(1,262)	-0.239%

Sources: HCIDLA, 2019; BAE, 2020.

Starting with 514,464 RSO units in calendar year 2010, and using the annual factor, it is projected that 513,234 RSO unit registration fees will be paid in 2020 and that this number will reduce to 508,343 in 2024 (Table 7).

Table 7: Projected Number of RSO Units Paying Fees by Fiscal Year

Calendar Year	Anticipated Number of RSO Units That Will Pay Fees
2020	513,234
2021	512,007
2022	510,783
2023	509,562
2024	508,343

Sources: HCIDLA, 2019; BAE 2020.

Non-RSO units include all multifamily units and corporate-owned condominium rental units built since 1979, as well as all corporate-owned single-family rental units in the City of Los Angeles. For Non-RSO units, BAE utilized multifamily unit data provided by HCIDLA's Systematic Code Enforcement Program (SCEP) plus absentee- and corporate-owned single-family and condominium unit data from ListSource, a private real estate market data company. As of 2019 (FY20), the total Non-RSO units in the City of Los Angeles totals 198,804.

- According to SCEP data, there are a total of 191,185 multifamily units built in the City of Los Angeles from 1980 through 2020-to-date that are not subject to the RSO. To calculate annual growth in the number of Non-RSO units subject to the Tenant Anti-Harassment Ordinance, BAE utilized the SCEP data since 1979 to assume average growth of 4,780 rental units per year.
- According to ListSource data, there are 6,781 absentee- and corporate-owned condominium units constructed after 1978 in the City of Los Angeles. The City also records 13,545 absentee- and corporate-owned single-family units. The sum of these values, 20,326, is included in the Non-RSO unit inventory. Given available data, it is difficult to project the year-to-year change in absentee/corporate-owned units, as a unit may change its ownership status numerous times over its lifetime with no reliably predictable pattern. For that reason, BAE did not calculate a growth rate for this relatively small segment of the Non-RSO inventory and instead held the number of units constant over the fee term.

Applying the growth factor above, a total of 221,071 Non-RSO units would be subject to the Tenant Anti-Harassment Ordinance during FY21, the first year of operations (Table 8, next page).

Table 8: Non-RSO Rental Unit Calculations

Type of Rental	FY20 Y0	FY21 Y1	FY22 Y2	FY23 Y3	FY24 Y4
Corporate Single-Family Homes	13,545	13,545	13,545	13,545	13,545
Corporate Condominiums Built 1979 or Later	6,781	6,781	6,781	6,781	6,781
Multifamily Units	195,965	200,745	205,525	210,305	215,085
Total Non-RSO Unit Projections	216,291	221,071	225,851	230,631	235,411
# Units Increase Over Previous Year		4,780	4,780	4,780	4,780

Sources: City of Los Angeles Systematic Code Enforcement Program (SCEP), 2019; HCIDLA 2019, ListSource, 2019; BAE, 2020.

Anticipating that some owners will apply for, and qualify for, temporary exemptions from paying the fee, BAE applied the RSO Rent Registration fee participation rate of 75 percent in the first year and 80 percent in years two through four. The 75 percent rate is modeled on the response rate of for the Rent Registry, which is now in its third year of full operations. The 80 percent rate is modeled after the rate of RSO units that pay the fee and do not receive temporary exemptions. The calculations to arrive at this number of units paying the fee in the first year are as follows:

- FY20-21 RSO units anticipated to pay the fee totals 513,234 units.
- This number divided by total RSO units of 640,000 equals 80 percent.
- Non-RSO units subject to the fee in the first year totals 221,071 units.
- This number times 75 percent equals 165,803 units.
- Non-RSO units subject to the fee in the second year totals 225,851 units.
- This number times 80 percent equals 180,681 units .

The same calculations were applied, with an 80 percent participation rate, to all four fiscal years (Table 9).

Table 9: Non-RSO Unit Participation Projections

Fee Year	Units Subject	75% Participation	80% Participation
FY 21	221,071	165,803	n.a.
FY 22	225,851	n.a.	180,681
FY 23	230,631	n.a.	184,505
FY 24	235,411	n.a.	188,329

Sources: City of Los Angeles Systematic Code Enforcement Program (SCEP), 2019; HCIDLA 2019, ListSource, 2019; BAE, 2020.

CF 20-1360

County of Los Angeles Service Commitment Funds /
Homelessness Efforts - County Funding Agreement /
Homelessness Roadmap Sheltering Plans

Allocation of \$9.32M in county funds into homelessness
efforts

[Link to File](#)

MOTION

In March 2020, LA Alliance for Human Rights brought a case against the City and County of Los Angeles over their failure to adequately address the homeless crisis facing this region. As the case has progressed, the Court became increasingly concerned about individuals who live under and near freeways, expressing concern about exposure to heightened public health risks due to degraded air quality and contamination such as lead and other carcinogens. The Court is advising the City and County to offer housing or shelter to this population urgently, and clear freeway overpasses, underpasses, and ramps of encampments. The Court has expressed impatience with the efforts of the City and the County and is indicating a desire to see this happen within the next few weeks.

As part of the court proceedings, the County and the City reached a historic agreement to provide a total of 6,700 beds and accompanying services for people experiencing homelessness in the City of Los Angeles within 18 months. The City is responsible for creating the beds; the County is responsible for paying to the City \$293 million over the next five years to support the City's obligation to provide the beds. This obligation is meant to supplement, not supplant, the County Department of Mental Health's obligation to provide beds for those suffering from mental illness and/or substance abuse problems.

The CAO and CLA have been working with each City Council Office to develop district-specific plans to address the commitment to house people living on the streets. In some districts, those plans use pallet shelters, bridge housing beds, and Safe Parking. The plans in other districts rely heavily on rapid rehousing, shared housing, and master leasing.

On September 1, 2020, the County made their first payment of "Los Angeles County service commitment funds" to the City in the amount of \$17.66 million, and the City has allocated \$8.36 million of these funds. **But unless the City allocates some of the remaining \$9.32 million in County funds expeditiously, it will be unable to meet the Court direction and offer housing within the next few weeks to people living unhoused near freeways.**

In Council District 11, service providers plan to house at least 92 individuals from encampments subject to the LA Alliance for Human Rights v. City of Los Angeles court order, primarily through hotel and motel leasing, and Rapid Rehousing and shared housing. These interventions have already begun, with dozens of individuals being housed out of an encampment near Penmar Golf Course in Venice. The Court has requested that remaining individuals under the 405 freeway at Venice Boulevard be housed immediately, in addition to smaller populations of

unhoused people at other freeway adjacent locations in District 11. In order to quickly service these additional locations in the CD 11 sheltering plan, the City must release additional available resources now.

LAHSA's Council District 3 Encampment Pilot Program to provide Rapid Rehousing to individuals under the 101 Freeway at Winnetka Ave. and Corbin Ave. began in August. Approximately 33 individuals were identified as typically camping in this area. To date, 25 of these individuals have entered LA Family Housing Project Roomkey sites, and LAHSA outreach workers have assessed that approximately seven participants remain at this location. The goal of the pilot is to acquire market rate units in CD3 to immediately house this group of people, but securing these units for tenants with poor credit or rental histories has proven challenging. While few individuals are living in or near the remaining underpass and freeway adjacent areas of CD3, the Court has expressed interest in seeing all these people provided better shelter quickly to prevent people from simply moving from one underpass to another.

I THEREFORE MOVE that the Council instruct the CAO to allocate the remaining \$9,324,312 remaining funds from the County of Los Angeles Service Commitment funds into Homelessness Efforts - County Funding Agreement within Department No. 10, for services in each Council District's Homelessness Roadmap sheltering plans, including Rapid Rehousing and shared housing, leasing of hotels and motels, interim housing, and safe parking.

PRESENTED BY: _____
MIKE BONIN (verbal)
Councilmember, 11th District

BOB BLUMENFIELD (verbal)
Councilmember, 3rd District

SECONDED BY: _____
PAUL KORETZ (verbal)
Councilmember, 5th District

CF 18-1246

Vacation Rentals in Non-Primary Homes /
Ordinance

[Link to File](#)



LOS ANGELES CITY PLANNING COMMISSION

200 North Spring Street, Room 272, Los Angeles, California, 90012-4801, (213) 978-1300

www.planning.lacity.org

LETTER OF DETERMINATION

MAILING DATE: OCT 27 2020

Case No. CPC-2019-7045-CA
CEQA: ENV-2019-7046-ND; ENV-2019-7375-CE
Plan Area: Citywide

Council District: All

Project Site: Citywide

Applicant: City of Los Angeles

At its meeting of December 19, 2019, the Los Angeles City Planning Commission took the actions below in conjunction with its recommended approval of the following:

A Code amendment establishing regulations to permit the short – term rental of non – primary residences as Vacation Rentals.

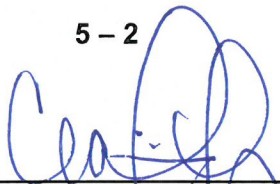
1. **Approved and Recommended** that the City Council determine, pursuant to CEQA Guidelines Section 15074(b), after consideration of the whole of the administrative record, including the Negative Declaration, No. ENV-2019-7046-ND, and all comments received, there is no substantial evidence that the project will have a significant effect on the environment; find the Negative Declaration reflects the independent judgement and analysis of the City; adopt the Negative Declaration; and determine, based on the whole of the administrative record, that the Project is exempt from CEQA pursuant to CEQA Guidelines, Section 15301 (Class 1), and there is no substantial evidence demonstrating that an exception to a Categorical Exemption pursuant to CEQA Guidelines, Section 15300.2 applies;
2. **Approved and Recommended**, that the City Council adopt the proposed ordinance as modified by the City Planning Commission, as follows:
 - Increase the citywide cap from 3,625 (the equivalent of 0.25 percent of the current housing supply) to the equivalent of 1 percent.
 - Change the geographic unit subject to concentration caps from Census tracts to community plan areas, and increase the cap from 0.25 percent to 1 percent.
 - Increase the maximum number of days per calendar year a Vacation Rental may be rented from 30 to 90 days.
 - Specify that the required 250 feet of separation between Vacation Rental units in Type 1 buildings be per block face.
3. **Instructed** City Planning to study and report to the Planning and Land Use Management (PLUM) Committee on the following:
 - Feasibility of requiring documentation showing Vacation Rentals are second homes, not investment properties.
 - Feasibility of limiting Vacation Rental ownership eligibility to individuals and individual trusts, not limited liability corporations.
 - Feasibility of allocating a significant portion of the Transient Occupancy Tax (TOT) and/or fees collected from Vacation Rentals to support affordable housing, permanent supportive housing, and/or housing for the homeless.

- Additional information regarding the economic tipping point between a long-term and short-term rental within the construct of other regulatory limitations of the ordinance.
3. **Adopted** the staff report as the Commission's report on the subject; and
 4. **Adopted** the attached Findings.

The vote proceeded as follows:

Moved: Millman
Second: Khorsand
Ayes: Choe, Leung, Mitchell
Nays: Mack, Perlman
Absent: Ambroz, Padilla-Campos

Vote: 5 – 2



Cecilia Lamas, Commission Executive Assistant
Los Angeles City Planning Commission

Fiscal Impact Statement: There is no General Fund impact as administrative costs are recovered through fees.

Effective Date/Appeals: The decision of the Los Angeles City Planning Commission is final and not appealable.

If you seek judicial review of any decision of the City pursuant to California Code of Civil Procedure Section 1094.5, the petition for writ of mandate pursuant to that section must be filed no later than the 90th day following the date on which the City's decision became final pursuant to California Code of Civil Procedure Section 1094.6. There may be other time limits which also affect your ability to seek judicial review.

Attachments: Modified Proposed Ordinance, Findings

- c: Arthi Varma, Deputy Director
Hagu Soloman-Cary, Senior City Planner
Bonnie Kim, City Planner
Patrick Whalen, City Planning Associate

CPC-2019-7045-CA

Approved by the CPC with procedural changes requested by enforcing departments

ORDINANCE NO. _____

An ordinance amending Sections 12.03, 12.22, and 19.01 of the Los Angeles Municipal Code (LAMC) to regulate the use of non-primary residences for short term rentals as Vacation Rentals, and to establish related fees and fines.

WHEREAS, in recent years, technology and innovation have expanded the use of short-term rentals (stays of up to 30 consecutive days) as a form of temporary lodging for visitors to experience a local community;

WHEREAS, the City Council adopted the Home-Sharing Ordinance (Ordinance No. 185931), which legalized and provided a framework for regulating short-term rentals in primary residences and prohibiting them in non-primary residences;

WHEREAS, legalizing and regulating short-term rentals in non-primary residences creates clear rules and regulations to control the growth of the industry, protect long-term housing supply, prevent citywide and geographic overconcentration, address community concerns about abuses, and complement the Home-Sharing Ordinance;

WHEREAS, providing visitors with diverse lodging options must be balanced with the responsibility to minimize the negative impact of non-primary residence short-term rentals on the supply and cost of long-term housing and the character of residential neighborhoods;

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. The definition of Vacation Rental is added in alphabetical order to Section 12.03 of the Los Angeles Municipal Code to read as follows:

Vacation Rental – A Dwelling Unit which is not a property owner’s primary residence and is used for Short-Term Rental consistent with the requirements of 12.22.A.34. For purposes of this definition, the terms “Short-Term Rental” and “Primary Residence” shall have the same meaning as defined in Section 12.22 A.32 of this Chapter.

Sec. 2. A new Subdivision 34 is added to Section 12.22 A of the Los Angeles Municipal Code to read as follows:

34. Vacation Rentals. In all zones where residential uses are permitted by right, the following shall apply:

- (a) **Purpose.** The purpose of this Subdivision is to allow for housing units that do not serve as primary residences, but are used intermittently as vacation homes and are thus not likely to be rented as long-term housing, to be used for short-term rental purposes. This Subdivision is intended to allow for Dwelling Units that are owned as secondary residences by property owners, and not rented

on a long term basis due to occasional use by the owner, to be utilized during times in which they are not occupied by the owner for short term stays. In addition, this Section seeks to lessen the impact of Vacation Rental activity by setting limits as to the number and location of Vacation Rental permits in order to protect the availability of long term housing, and to protect residents and communities from the impacts of an over-concentration of Vacation Rentals.

(b) **Definitions.** The following definitions shall apply to this Subdivision:

(1) **PERMITTEE.** An individual who has received a permit for a Vacation Rental as that term is defined in Section 12.03 of this Code.

2) **TYPE 1 BUILDING.** Any building with four or fewer Rental Units, as that term is defined in 12.22 A.32

3) **TYPE 2 BUILDING.** Any building with more than four Rental Units, as that term is defined in 12.22 A.32

(c) **Vacation Rental Permitting.**

(1) **Permit Application.** To register for a Vacation Rental permit, an applicant shall file an application with the Department of City Planning in a manner provided by the Department, and shall include: information needed to verify the ownership of the unit proposed for Vacation Rental, and applicant's identification; an affidavit, signed and submitted under penalty of perjury, stating that the applicant resides in the Dwelling Unit for which a Vacation Rental Permit is being applied on an occasional or intermittent basis; identification of a local responsible contact person and his or her contact information; a list of all Hosting Platforms to be used; and any other information required by the instructions on the application. On the Vacation Rental permit application, the applicant shall acknowledge and consent to the Office of Finance and other City agencies' inspection of records at all reasonable times and places for purposes of enforcement of this Subdivision. Payment of any filing fee required under Section 19.01 U. shall be included with the application. If the required information for registration, including any filing fee, is not received within 45 days of submittal of the application, the Vacation Rental registration application will be considered withdrawn.

(2) **Eligibility Requirements.** The following requirements must be met at the time of submitting an application for a Vacation Rental permit, [and through the duration of the permit:](#)

(i) The applicant has obtained a Transient Occupancy Registration Certificate from the Office of Finance, pursuant to Section 21.7.6 of this Code.

(ii) The proposed Vacation Rental is consistent with the following provisions:

a. Vacation Rental permits may only be granted to owners of Dwelling Units. A renter or lessee shall not be eligible to obtain a

Vacation Rental permit. Applicants shall not be eligible to obtain a Vacation Rental permit unless the unit is a Dwelling Unit.

b. In order for a unit to be eligible to operate as a Vacation Rental, the Permittee must reside in the unit on an occasional or intermittent basis.

c. No person or entity may apply for or otherwise operate more than one Vacation Rental at a time in the City.

d. A housing unit that is subject to affordable housing covenants, and/or are income-restricted under City, State, or Federal law, is not eligible to be used as a Vacation Rental.

e. Housing units that are subject to Chapter 15 of the Los Angeles Municipal Code (“Rent Stabilization Ordinance”) are not eligible to be used as Vacation Rentals.

f. Accessory Dwelling Units are not eligible to receive Vacation Rental permits.

g. Any property or unit that is the subject of a pending Citation is not eligible to be used as a Vacation Rental.

h. Vacation Rental permits may not be issued to buildings that have been removed from the rental market through the Ellis Act (California Government Code section 7060-7060.7) in the past seven years from the application submittal date.

(3) Thresholds.

(i) Citywide, the total number of active Vacation Rental permits shall not exceed 14,740; and

(ii) Permitted Vacation Rental units shall account for no more than 1 percent of the total number of housing units within any community plan area in the City, not exceeding the maximum number of Vacation Rental permits allotted per community plan area as shown on Table 12.22 A.34-1; and

Table 12.22 A.34-1 Community Plan Area Vacation Rental Permit Caps		
Community Plan Area	Total Number of Dwelling Units (2018)	Maximum Number of Vacation Rental Permits
Arleta – Pacoima	23,633	236
Bel Air – Beverly Crest	9,039	90
Boyle Heights	24,186	242
Brentwood – Pacific Palisades	27,214	272

Canoga Park – Winnetka – Woodland Hills	69,158	692
Central City	28,798	288
Central City North	8,078	81
Chatsworth – Porter Ranch	36,425	364
Encino – Tarzana	32,332	323
Granada Hills – Knollwood	21,297	213
Harbor – Gateway	13,327	133
Hollywood	107,095	1,071
LAX	589	6
Mission Hills – Panorama City – North Hills	41,232	412
North Hollywood – Valley Village	58,690	587
Northeast Los Angeles	80,500	805
Northridge	24,089	241
Palms – Mar Vista – Del Rey	54,469	544
Port of Los Angeles	32	1
Reseda – West Van Nuys	37,191	372
San Pedro	32,706	327
Sherman Oaks – Studio City – Toluca Lake – Cahuenga Pass	43,380	434
Silver Lake – Echo Park – Elysian Valley	30,623	306
South Los Angeles	86,686	867
Southeast Los Angeles	73,190	732
Sun Valley – La Tuna Canyon	24,577	246
Sunland – Tujunga – Lake View Terrace – Shadow Hills – East La Tuna Canyon	22,387	224
Sylmar	22,294	223
Van Nuys – North Sherman Oaks	62,946	629
Venice	21,139	211

West Adams – Baldwin Hills – Leimert Park	70,754	708
West Los Angeles	38,929	389
Westchester – Playa Del Rey	27,575	276
Westlake	43,530	435
Westwood	21,490	215
Wilmington – Harbor City	23,926	239
Wilshire	130,635	1,306
Total	1,474,141	14,740

(iii) No Vacation Rental unit may be operated for more than 90 days per calendar year.

(4) **Concentration.** Vacation Rental permits shall not be issued if the unit for which the permit is being requested fails to satisfy the following distancing and concentration requirements:

(i) Buildings with up to four units (Type 1):

a. A maximum of one unit in any Type 1 building may be used for Vacation Rental purposes.

b. There must be at least 250 feet of separation between Vacation Rentals in Type 1 buildings having the same frontage (block face), as the term frontage is defined in Section 12.03 of this Chapter. This required separation shall be the shortest horizontal distance from property line to property line, measured in a straight line without regard to intervening structures.

(ii) Buildings with more than four units (Type 2):

a. A maximum of 5 percent of units in an individual Type 2 building, or 10 units in total, whichever is less, may be used for Vacation Rental purposes. If calculation of the number of units that can be used for Vacation Rental purposes results in a number that is less than one, one Vacation Rental permit may be obtained in the building.

(5) **Expiration and Renewal of Permit.**

(i) A Vacation Rental permit is valid for one year from the date of issuance. It may not be transferred or assigned and is valid only for the unit for which it was issued.

(ii) A Vacation Rental permit may be renewed if the Permittee complies with all of the following:

- a. Pays the renewal fee; and,
- b. Has complied with the provisions of this Subdivision for the past year; and,
- c. Provides information concerning any changes to the previous application for, or renewal of, the Vacation Rental permit; and
- d. Submits records described in Paragraph (f) of this Subdivision for the last year to demonstrate compliance with this Subdivision. The records described in Paragraph (f) of this Subdivision shall be made public to the extent required by law.

(d) **Suspension and Revocation.** Notwithstanding any other provision of this Code to the contrary, the Director may require the suspension, modification, discontinuance or revocation of any Vacation Rental permit if it is found that the Permittee has violated this Subdivision or any other city, state, or federal regulation, ordinance or statute.

(1) **Suspension.** If a Permittee receives two Citations, as the term is defined in Section 12.22 A.32 the Vacation Rental permit shall be suspended for 30 days or as long as at least one Citation is open, whichever is longer. The suspension shall become effective 15 days after the mailing of a Notice of Intent to Suspend the permit. If a Permittee initiates an appeal of either Citation, the suspension will take effect only if the appeal is not resolved entirely in the Permittee's favor.

(i) Where no process is described in the citation, a Permittee may challenge a Citation by submitting an appeal to the Director in accordance with the process in Section 12.24.Z of this Code, with no further appeal to a Commission or City Council.

(2) **Revocation.** If three Citations have been issued to the Permittee and have been made final either because they were not appealed during the appeal period, or the appeals were denied, the Permittee's Vacation Rental permit shall be revoked. The revocation of a Vacation Rental permit shall become effective 15 days after the mailing of a Notice of Intent to Revoke to the permit.

(i) A Permittee may challenge a Notice of Intent to Revoke by submitting an appeal to the Director in accordance with the process in Section 12.24.Z of this Code, with no further appeal to a Commission or City Council.

(ii) Pursuant to the revocation, a Permittee shall be prohibited from obtaining a Vacation Rental permit for one year from the effective date of the Notice of Intent to Revoke.

(3) **Modification.** The Director may modify, discontinue or revoke any Vacation Rental permit based upon an order to show cause, pursuant to Section 12.27.1 B of this Code, why any proposed modifications, discontinuances or revocations of

any Vacation Rental permit should not be issued. The Director shall provide notice to the applicant and/or property owner to appear at a public hearing at a time and place fixed by the Director to respond to the Director's order to show cause.

(e) ~~General Standards.~~ Prohibitions and Requirements.

(1) No Person shall offer, advertise, book, facilitate or operate a Vacation Rental in a manner that does not comply with this Subdivision.

(2) A Permittee may not ~~operate~~ offer, advertise, book, facilitate, or operate a Vacation Rental unless all advertisements clearly list the City-issued Vacation Rental permit number ~~or pending permit status number.~~

(3) If a Permittee lists a Vacation Rental on multiple listings on multiple Hosting Platforms, only one listing may be booked at any given time.

(4) A Permittee may not rent all or a portion of his or her Vacation Rental to more than one group of guests or under more than one booking, at any given time.

(5) Except for allowable Home Occupations, nonresidential uses including, but not limited to, sales or exchange of products, events that charge a fee, or the promotion, display or servicing of any product shall not be permitted in the Vacation Rental.

(6) A Permittee shall only advertise on a Hosting Platform that was listed on the Permittee's Vacation Rental permit application form, unless the Permittee has submitted a written request and received written approval from the Department of City Planning to use another Hosting Platform.

(7) No more than two overnight guests are allowed per habitable room (not including kitchens) in a Vacation Rental.

(8) There shall be no use of sound amplifying equipment, as that term is defined in Section 111.01 (j) of this Code after 10:00 pm and no evening outdoor congregations of more than eight people (excluding children) in a Vacation Rental. Vacation Rental activities are subject to the noise regulations in the Los Angeles Municipal Code.

(9) A Permittee whose Vacation Rental permit has been suspended is prohibited from operating any Vacation Rental for the duration of the suspension.

(10) A Permittee whose Vacation Rental permit has been revoked may not operate any Vacation Rental unless and until a new permit has been issued.

(f) **Vacation Rental Permittee Requirements.**

(1) The Permittee shall be responsible for any nuisance violations, as described in Section 12.27.1.B of this Code, arising at the Permittee's Vacation Rental unit. The

Permittee shall be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.

(2) The Permittee shall keep and preserve, for a minimum period of three years, all records regarding each Vacation Rental stay, including the length of stay and price paid for each stay.

(3) The Permittee shall fully comply with all the requirements of Article 1.7 of the LAMC (establishing the Transient Occupancy Tax) and successor Sections.

(4) The Permittee shall pay a per-night fee for each night of renting their Vacation Rental unit, which will be deposited into the Short Term Rental Enforcement Fund per the requirements in Section 5.576.1 of the Los Angeles Administrative Code. The City Council shall adopt, by resolution, a per-night fee based on an analysis of the cost of implementing, maintaining, and enforcing this Subdivision.

(5) The Permittee shall provide and maintain working fire extinguishers, smoke detectors, and carbon monoxide detectors, in compliance with fire, life, and safety codes; information related to emergency exit routes on the property and contact information, including the contact information of the Permittee or a designated responsible agent of the Permittee.

(6) The Permittee who lists a Vacation Rental unit located in a Very High Fire Hazard Severity Zone designated by the City of Los Angeles Fire Department pursuant to Government Code Section 51178 shall include in all Vacation Rental listings and post written notices on any patio or deck that smoking is not permitted in any exterior of the property.

(7) The Permittee who lists a Vacation Rental unit located in a Red Flag No Parking Zone, as defined in Section 80.72 of this Code, shall post written notice in the unit alerting guests of Red Flag parking restrictions, and requiring compliance when such restrictions are activated. The Permittee, or a designated responsible agent of the Permittee, is also required to notify guests when Red Flag No Parking restrictions have been activated.

(8) The Permittee shall provide a code of conduct to guests that includes the relevant provisions of this Subdivision and other information to address behavioral, safety, and security issues.

(9) The Permittee shall authorize any Hosting Platform on which the Vacation Rental unit is listed to provide to the City the Vacation Rental listing and other information described in Paragraph (g)(4).

(10) The Permittee must consent to receive all City notices and Citations regarding their Vacation Rental permit by U.S. mail.

(g) Hosting Platform Requirements.

(1) Hosting Platforms shall not process or complete any Booking Service transaction for any Vacation Rental unless the Permittee has a valid Vacation Rental permit number issued by the City ~~or a pending permit status number.~~

(2) Hosting Platforms shall not process or complete any Booking Service transaction for any listing that has exceeded the authorized 90-day limit in one calendar year.

(3) Within 45 days of the effective date of the Ordinance, Hosting Platforms with listings located in the City shall provide to the Department of City Planning contact information for an employee or representative responsible for responding to requests for information, including requests related to possible violations of this Subdivision. Hosting Platforms that commence listings in the City after the effective date must provide this information prior to facilitating Vacation Rental activity or providing Booking Services within the City.

(4) Subject to applicable laws, a Hosting Platform with listings in the City shall provide to the Department of City Planning, on at least a monthly basis, in a format as specified by the City, the Vacation Rental permit number of each listing, the name of the person responsible for each listing, and, for each booking that occurs within the reporting period, the number of days booked.

(5) In the event a Hosting Platform has entered into an agreement with the Office of Finance to collect and remit Transient Occupancy Tax pursuant to Los Angeles Municipal Code Section 21.7.1 et seq., and an applicant has assigned the responsibilities for the collection and remittance of the Transient Occupancy Tax to the Hosting Platform, then the Hosting Platform and the Permittee shall have the same duties and liabilities, including but not limited to the collection and remittance of the tax to the City on a monthly basis.

(h) Enforcement of Violations.

(1) The provisions in this Paragraph, shall be in addition to any criminal, civil or other legal remedy established by law that may be pursued to address violations of this Subdivision.

(2) Any person who has failed to comply with the provisions of this Subdivision 34 (Vacation Rentals) may be subject to the provisions of Section 11.00 of this Code. The owner of any property used for Vacation Rentals, may be assessed a minimum inspection fee, as specified in Section 98.0412 of this Code for each site inspection.

(3) The Director may, at any time, require the modification, discontinuance, or revocation of any Vacation Rental registration in the manner prescribed in 12.22 A.34 (d)(2).

(4) The ACE program in Article 1.2 of this Chapter may be utilized to issue administrative Citations and impose fines pursuant to this Subdivision. The Citation shall be served by personal service or by depositing in the mail for delivery by the United States Postal Service, in a sealed envelope, postage prepaid, addressed to the Vacation Rental Permittee, shown on the County's last equalized property tax assessment roll. Fines for violations of this Subdivision shall be as follows:

(i) Hosting Platform: a \$1000 fine per day shall be imposed for any of the following violations:

- a. Completing a Booking Service transaction for each listing without a valid City Vacation Rental permit number ~~or pending permit status number~~.
- b. Completing a Booking Service transaction for each listing where more than one Vacation Rental property is affiliated with a single Permittee.
- c. Completing a Booking Service transaction for any listing for a Vacation Rental Unit where the Permittee's Vacation Rental permit has been revoked or suspended by the City.
- d. Completing a Booking Service transaction for any listing for a Vacation Rental Unit that has exceeded the authorized 90-day limit for Vacation Rental operation in one calendar year.

(ii) Vacation Rental Permittee, and or designated responsible party:

- a. A daily fine of \$500, or two times the nightly rate charged, whichever is greater, for advertising a Vacation Rental Unit in violation of this Subdivision.
- b. A daily fine of \$2,000, or two times the nightly rent charged, whichever is greater, for each day of Vacation Rental activity beyond the 90-day limit in a calendar year.
- c. For all other violations of this Subdivision, the administrative fine shall be levied according to the amounts described in Section 11.2.04(a)(2) of this Code. The square footage used in calculating the fine shall be the amount of indoor space to which the Transient guest has access. If the square footage is unable to be ascertained, it shall be deemed to be between 500 and 2,499 square feet.

(iii) The fine amounts listed above shall be updated annually, from the date of effective date of this ordinance, according to the Consumer Price Index for All Urban Consumers (CPI-U).

Sec. 3. A new Subsection U is added to Section 19.01 of the Los Angeles Municipal Code to read as follows:

U. Vacation Rental Permit Application and Renewal Fee.

Type of Application	Fee
Vacation Rental Permit Application Administrative Clearance (Section 12.22 A.34)	\$850
Vacation Rental Permit Application Renewal Administrative Clearance (Section 12.22 A.34)	\$850

Sec. 4. Severability. If any provision of this Subdivision is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this Subdivision which can be implemented without the invalidated provisions, and to this end, the invalid provisions of this Subdivision are declared to be severable. The City Council hereby declares that it would have adopted each and every provision and portion thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would subsequently be declared invalid or unconstitutional.

Sec. 5. The City Clerk shall certify that...

DRAFT

EXHIBIT B - FINDINGS

ENVIRONMENTAL FINDINGS

In accordance with the California Environmental Quality Act (CEQA), this ordinance meets the criteria of a Categorical Exemption pursuant to CEQA Guidelines Section 15301 (Existing Facilities), because allowing Vacation Rentals to operate in the City represents, at most, a negligible expansion of an existing use. Furthermore, there is no substantial evidence demonstrating that an exception to a categorical exemption pursuant to CEQA Guidelines Section 15300.2 applies.

Impacts of the Vacation Rentals Ordinance on the environment will be minor, as it is not expected to spur any new development or direct physical effects. The City reasonably expects that the proposed ordinance will limit the amount of Vacation Rentals such that any potential impacts on the environment will be less than significant. The proposed ordinance will result in allowing and better regulating a currently prohibited yet ongoing activity of renting non-primary residences on a short-term basis. These results are unlikely to result in a reasonably foreseeable direct or indirect impact on the environment.

Approval of the project is supported by the Negative Declaration and Categorical Exemption (ENV-2019-7046-ND, ENV-2019-7375-CE) prepared for this project. The Negative Declaration concludes that, the proposed Vacation Rentals Ordinance could not have a significant effect on the environment, and therefore, an Environmental Impact Report is not required.

The Negative Declaration was published in the Los Angeles Times on December 19, 2019, opening a 30 day period to receive comments. It reflects the lead agency's independent judgment and analysis. On the basis of the whole of the record before the lead agency, including any comments received, the lead agency finds that there is no substantial evidence that the proposed ordinance will have a negative effect on the environment.

LAND USE FINDINGS

In accordance with Charter Section 556, the proposed ordinance is in substantial conformance with the purposes, intent, and provisions of the General Plan.

The proposed ordinance is in substantial conformance with the purposes, intent, and provisions of the General Plan in that it would further accomplish the following goals, objectives and policies of the General Plan outlined below.

General Plan Framework Findings

The proposed ordinance will meet the intent and purposes of the General Plan Framework Element to encourage "clear and consistent rules governing both public and private sector development" to "expand economic opportunity and protect the character of residential neighborhoods." By creating a legal means for short-term rentals to operate in non-primary residences (Vacation Rentals), the City is establishing clear and consistent rules to regulate this market. Prior to this ordinance, Vacation Rentals were prohibited, however it is widely acknowledged that they operated in the City in the absence of enforcement mechanisms. In addition to establishing clear rules for regulating Vacation Rentals, the proposed ordinance also utilizes and enhances the enforcement mechanisms that have been established by the City's

Home Sharing Ordinance that became effective in July 2019, and regulates short-term rentals in primary residences.

The ordinance would further the intent and purpose of the Framework Element of the following relevant Goals and Objectives:

Due to provisions in the ordinance specifically pertaining to reducing the possibility for nuisance violations to occur, and to minimize the disruptions to the residential character of neighborhoods, the proposed ordinance is consistent with Land Use Goal LU-4, which seeks to preserve and enhance the residential character of existing neighborhoods, and furthers Land Use Policy LU-4.2, which seeks to create convenient supporting services and alternative residential types when they meet standards for development that protect neighborhood character. The ordinance contains standards to regulate outdoor noise, limit the occupancy of rooms in Vacation Rentals, and restrict the number of nights Vacation Rentals can be rented to just 30, in order to ensure Vacation Rentals operate in a manner consistent with their residential surroundings. Because of these provisions, along with corresponding fines and penalties for violating these provisions, the Vacation Rentals ordinance demonstrates consistency with Land Use Goal LU-4.

The ordinance allows Vacation Rentals to occur only in structures defined as Dwelling Units. The charging of rent, in and of itself, is similar to what occurs in almost one-third of the City's single-family residential zones, which are currently renter-occupied, in addition, to multi-family residential zones in the City. The Zoning Code already permits short-term rentals through a CUP in Bed and Breakfast establishments, which may be located in any zone.

The proposed ordinance contains standards that are intended to make Vacation Rentals function indistinguishably from proximate residential units. Limits on the number of nights a Vacation Rental may be rented, as well as operational standards regarding the number of people who may stay in each habitable room, prohibitions on noise amplifying equipment and outdoor congregations of large groups of people all help to ensure Vacation Rentals maintain the character of residential neighborhoods they're in. As a fundamentally residential use, Vacation Rentals are consistent with the General Plan Land Use categories that allow residential uses within the range of uses.

Housing Element 2013-2021

The Vacation Rentals ordinance will allow up to 3,625 Angelenos to generate income on properties they occupy at least part of the year, but otherwise sit vacant. This income can be used to help complete necessary repairs and keep the properties in decent, healthy condition, which owners will be inclined to do to keep the unit attractive and rentable. Additionally, the proposed ordinance contains myriad provisions to protect affordable housing. Rent stabilized units, as well as those protected by federal, state, or local housing covenants are all prohibited to be used as Vacation Rentals under the proposed ordinance. Buildings that have been removed from the rental market via the Ellis Act in the previous seven years are also prohibited from being used as Vacation Rentals, so as to ensure that the ordinance does not result in the loss of housing in this way. While the proposed ordinance allows short-term rentals in non-primary residences, it eliminates the potential for affordable housing to be lost as a result of Vacation Rental activity. As such, the ordinance furthers the following Housing Element policies:

- Policy 1.2.1*** Facilitate the maintenance of existing housing in decent, safe and healthy condition.

Policy 1.2.2 Encourage and incentivize the preservation of affordable housing, including non-subsidized affordable units, to ensure that demolitions and conversions do not result in the net loss of the City's stock of decent, safe, healthy or affordable housing.

In accordance with City Charter Section 558(b)(2), the proposed ordinance is in substantial conformance with public necessity, convenience, general welfare and good zoning practice.

In accordance with Charter Section 558(b)(2), the adoption of the proposed ordinance would be in conformity with public necessity, convenience, general welfare and good zoning practice. The ordinance responds to an expressed interest in allowing short-term rentals in non-primary residences while incorporating myriad provisions that protect the supply and affordability of housing and the character of existing residential neighborhoods. Some of these provisions include restrictions on the types of buildings that may be used for Vacation Rentals, caps on the number of Vacation Rentals available citywide and in certain geographies within the City to limit the concentration of Vacation Rentals, a limitation on the number of permits that any individual or entity may obtain, operational standards for Vacation Rentals, and requirements that owners and hosts must comply with. Current regulations prohibit non-primary housing units to be used as Vacation Rentals. This needlessly stifles efficient use of residential space when the owner periodically stays out of town and is not occupying the residence. A new regulatory framework is needed to adapt to the sharing economy, including new tools to enforce responsible and reasonable Vacation Rental policies.

CF 20-1314

Transit Oriented Communities (TOC) Affordable
Housing Incentive Program / Guidelines / Land Use
Regulatory Control Revisions

[Link to File](#)

MOTION

PLANNING AND LAND USE MANAGEMENT

On December 13, 2016, Ordinance No. 184745 (*Affordable Housing and Labor Standards Related to City Planning*), Council File No. 16-0684, became effective, to address the City's homeless and affordable housing crisis. The ordinance was a citizen sponsored ballot initiative (Initiative Ordinance JJJ, also known as "Measure JJJ") that was approved by City voters on November 8, 2016.

Measure JJJ required the creation of a new affordable housing incentive program for developments near major transit stops. The ordinance contains a "Transit Oriented Communities (TOC) Affordable Housing Incentive Program" along with a directive for the necessary TOC Program Guidelines applicable to all housing developments located within a one-half mile radius of a Major Transit Stop. The Guidelines became effective on September 22, 2017, and were revised on February 26, 2018. As specified in the ordinance, each one-half mile radius along a Major Transit Stop constitutes a unique TOC Affordable Housing Incentive Area.

Since its inception, the TOC program has generated 20,721 units citywide, including 6,947 affordable housing units through a tier-based system of incentives for certain residential projects. Projects that qualify can request additional building incentives in exchange for a specific set-aside of restricted affordable units. Now that the program has been in effect for over two years, it is clear that although it is popular and is generating a significant number of new housing units, including covenanted affordable units, the program has failed to take into account the differences, unique characteristics and varying conditions in the diverse communities, neighborhoods and land across the City.

One size does *not* fit all, therefore, the TOC program needs modifications. Developers may utilize the program's incentives to set-aside affordable units in multi-family residential developments, in exchange for being granted City permission to construct buildings which are out of scale, character and incompatible with the local neighborhood's context.

In Council District One, the most recent example was a proposed mixed-use project utilizing TOC incentives that introduced new density into the historic Lincoln Heights community at a former industrial site in proximity to two Gold Line Transit Stations. Upon appeal, the City Planning Commission considered community concerns about the project's potential impact on vehicular traffic, parking and pedestrian safety, design compatibility with the surrounding low-scale neighborhood in terms of density, scale, massing character, soil contamination and most importantly, access to the new housing by the people who live and work in Lincoln Heights.

The City Planning Commission's recommendation was bound by the citywide legal standards prescribed in the TOC program, and also by the *State Housing Accountability Act*, which prohibits the denial of a housing application if the project meets the City's objective General Plan and zoning standards. The proposed project allowed *by-right* was fully compliant with the citywide TOC Program Guidelines, and the Commission had no available policy tools, authority or discretion to exact project modifications to reshape the proposal to be more compatible with the local neighborhood's context or responsive to local housing market needs in terms of affordability. Several Commissioners expressed frustration at being constrained by the limitations of the citywide TOC Program.

The Planning Department should evaluate the TOC Affordable Housing Incentive Program and its TOC Program Guidelines, and explore the feasibility of the formation and implementation of land use and zoning policy tools which may complement the program and facilitate infill transit-oriented development which consider differences in local neighborhood context and unique patterns of development, varying conditions in public infrastructure, local housing market needs and related factors.

Policy decisions on land development proposals based on land use regulatory controls are important and should always be made with strong community stakeholder participation. Council District One's most recent experience demonstrates that developers should be strongly encouraged to incorporate a comprehensive community outreach program into their scope of work not only as a measure of respect, but also as a strategy to solicit meaningful input into shaping a project which enhances the neighborhood in which it is being introduced.

I THEREFORE MOVE that the Council instruct the Planning Department, in consultation with the Housing Department, to prepare a report with recommendations on the feasibility of revising the Transit Oriented Communities (TOC) Affordable Housing Incentive Program and its TOC Program Guidelines, and include in the recommendations feasible revisions to land use regulatory controls that impact, but are not limited to, public infrastructure, local housing market needs, scale, density, and that account for the unique and varying characteristics of neighborhood conditions citywide.

PRESENTED BY: _____

GILBERT A. CEDILLO (verbal)
Councilmember, 1st District

SECONDED BY: _____

MONICA RODRIGUEZ (verbal)
Councilmember, 7th District

October 13, 2020