

General Plan but the state's enforcement mechanisms are weak and litigation is sometimes necessary to compel compliance. Many of the cities surrounding Los Angeles provide little or no affordable housing, leaving Los Angeles with the responsibility for housing poor families who work throughout the region. A permanent solution for the housing crisis will require stronger regional government and the willingness of cities throughout the region to permit and assist the development of a fair share of housing for all income groups.

According to SCAG's calculations, the City will need 60,280 new units in a seven and half year period between 1998 and 2005 or about 8,000 new units a year. Of this number, 3,787 must be affordable to households earning less than 80 percent of median income. The allocation includes about 10,000 units of replacement housing. The City's building permit data shows that between July 1998 and June 1999, 2,621 units were constructed and 781 were demolished. In the six months between June and December 1999, 2,337 units were constructed and 429 units were demolished. Although construction appears to be increasing, it is still a long way from the 8,000 annual units projected by SCAG. Nor does new construction address the problem of affordability that faces so many Los Angeles households. As stated earlier, land and building costs are expensive that market-rate developers can't construct new rental housing with rents under \$1,000 per month. In fact, new construction compounds the affordability problem because the units demolished to make way for new construction are the City's older a most affordable housing units.

In order to construct the 3,787 units of affordable housing needed annually, the City would have to increase its annual housing expenditures by \$100 million.

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ORIGINS OF THE HOUSING CRISIS

This crisis is not news to policy makers. Twelve years ago, the Blue Ribbon Committee for Affordable Housing appointed by Mayor Tom Bradley issued a report calling for major reforms in City housing policy. The response of the City was immediate and vigorous. Within two years, the City created a new Department of Housing, and nearly complete work on a major initiative for housing finance, a linkage fee on commercial development. Ironically, at that time City expenditures on housing were much higher than they are now. Over the next few years the City experienced a series of setbacks: a deep recession, the 1992 civil disturbances and the Northridge earthquake in 1994 that made nearly 20,000 housing units uninhabitable. The new housing department was instrumental in the earthquake recovery effort, obtaining \$300 million from the U.S. Department of Housing and Urban Development to rehabilitate 8,269 privately owned housing units of which 30 percent, 2,512 units, have now have long-term affordability restrictions.

Economic recovery began in the late 1990s and by the end of 1999 unemployment in Los Angeles County had dropped to 5.7 percent. But housing prices also rose sharply and with little or no vacant land left housing construction was minimal. The new prosperity put hundreds of thousands back to work but did not lift all the city's workers out of poverty.

A more recent example of the City's power to remedy housing problems can be found in the Systematic Housing Code Enforcement Program instituted by the Mayor and City Council in response to the report of the Blue Ribbon Citizens' Committee on Slum Housing. This program has retained the firm support of City leaders despite a series of legal challenges by landlord groups. It is this kind of resolve that the City's elected leaders must bring to the problems of housing affordability now facing the City's workforce.

The housing crisis arises out of the interaction of three underlying economic forces, low density land use or sprawl, global economic restructuring that replaced higher paying aerospace and factory jobs with low-wage service sector employment, and the "fiscalization" of land after Proposition 13.

Land Use

Local land use patterns emphasizing single family housing and automobile transportation have decreased the supply of residential land available for development to nearly zero. This reduction in the supply of land combined with steady population growth within the City's borders has pushed housing prices up to the point that new rental units cannot

built for less than \$1,000 per month and households earning the median annual income of \$51,300 cannot afford median priced homes in most of the City's neighborhoods.

This same development pattern strings commercial development out along arterials instead of concentrating it in tidy multi-street commercial grids, bringing street traffic in many areas to a virtual standstill at the same time that low density development combined with multiple destination inter-suburban commutes is creating near gridlock the freeways. In response to the existing traffic congestion, nearly all residents, wheth in single or multifamily zones, now perceive additional residential development as a generator of intolerable traffic.

Restructured Work

Second, changes in the global economy and defense cut-backs have restructured the wage scale, eliminating higher paid skilled industrial jobs and replacing them with very low wage service jobs. Los Angeles was once home to the aerospace industry and a thriving manufacturing economy that included automobiles, assembly plants, tire manufacture, machine tools and many others. These have been replaced by low-wage industries such as garment and furniture manufacture and by service and retail trade. The gap between wages and housing costs has widened to the point that the wage needed to afford a two-bedroom apartment in Los Angeles is \$14.90. But the California minimum wage is only \$5.75 an hour and even the City's living wage is set at only \$7. an hour with health benefits or \$8.76 an hour without these benefits.

"Fiscalization" of Land

Finally, after Proposition 13, localities could no longer raise the property tax rate in ord to generate more income so cities came to rely more and more on the sales tax revenues generated by retail development. Land that could have been used for housin was devoted to retail development instead and cities now compete with one another fo large retail developments.

Conclusion

The interaction of these three structural problems is at the root of the City's housing crisis. It is a pattern repeated in cities throughout the state. So far, Los Angeles has largely ignored the crisis, trusting that economic prosperity will not be affected if the housing supply does not respond to continued population growth. But business leader in other parts of the state perceive high housing prices as a threat to continued busine growth and in the Santa Clara Valley, for example, the Silicon Valley Manufacturers Group is aggressively seeking ways to provide more affordable housing. Business leaders in San Francisco, the Santa Clara Valley, Orange County and other communiti have also responded to skyrocketing housing prices.

With housing costs consuming larger and larger amounts of workers' incomes and a virtual standstill in new housing production, the City must take immediate action to increase funds available for housing subsidy, modify zoning restrictions to allow the production of more affordable houses and apartments, develop a comprehensive strategy to preserve existing affordable housing and reorganize its information system ensure easy access to the information about housing, building, zoning and planning needed by businesses and residents.

4/20/01

RECOMMENDATIONS

The recommendations of the Housing Crisis Task Force are divided into six areas:

- Funding,
- Existing Affordable Housing,
- Land Use and Planning,
- Rental Housing,
- Basic Research and
- Economic Development.

4/20/01

FUNDING SUBCOMMITTEE

Summary of Recommendations

- F1 **CALCULATE THE SUBSIDY GAP**
- F1.1 Direct the Affordable Housing Commission to conduct an annual housing needs analysis that includes calculation of the aggregate subsidy gap and to recommend ways to close the gap.
- F2 **CREATE A HOUSING TRUST FUND**
- F2.1 Adopt an inclusionary program for residential development.
- F2.1.1 Adopt an inclusionary zoning ordinance.
- F2.1.2 Adopt an "in-lieu fee" as part of the inclusionary zoning ordinance
Estimated amount: \$14-20 million/year
- F2.1.3 Comply with the State's Mello Act coastal housing requirements.
- F2.2 Adopt a linkage fee on commercial development
Estimated Amount: \$10 - \$18 million/ year
- F2.3 CRA Central Business District Project Area tax revenues
Estimated Amount: \$8 - \$10 million/year
- F2.4 Citywide property tax growth
Estimated amount: \$5.8 - \$16.2 million/year
- F2.5 Transient occupancy tax
Estimated Amount: up to \$9.8 - \$49 million/year
- F2.5.1 Dedicate a portion of the transient occupancy tax.
- F2.5.2 Increase the transient occupancy tax.
- F2.6 Levy fees on water usage above a first-tier (life-line) base amount
Estimated amount: \$2.5 - \$7.5 million/year
- F2.7 Secure stock options in exchange for Community Development Bank investments in e-commerce ventures
Estimated amount: Unknown
- F2.8 Study additional fees on luxury items.
- F2.8.1 Cable TV Franchise Fee (\$3.6 - \$18 million)
- F2.9 Local general obligation bond for housing
Estimated amount: \$100 million (one time)
- F2.10 Parking users tax
Estimated Amount: \$4 - \$20 million
- F2.11 Increase the redevelopment housing set-aside.
- F2.12 Dedicate to housing production at least 75 percent of program income generated by repayment of earthquake and all other Los Angeles Housing Department (LAHD) and CRA housing loans.
- F3 **COMPLETE AND EVALUATE THE TARGETED NEIGHBORHOOD INITIATIVE BEFORE COMMITTING NEW FUNDS**
- F4 **IMPROVE THE CONDOMINIUM CONVERSION FEES PROGRAM**
- F4.1 Revise the condominium conversion ordinance to allow funds to be spent citywide if no local project surfaces within one year of the fees being paid.
Estimated amount: \$1.3 million (one-time)
- F4.2 Establish a formula for the in-lieu fees that is directly tied to the actual cost of developing the replacement housing.
- F5 **CRA BUNKER HILL PROJECT AREA**
- F5.1 Dedicate future CRA revenues from the Bunker Hill project area to fund affordable housing development citywide.
- F5.2 Seek legislation increasing the housing replacement ratio for the Bunker Hill project area.
- F6 **ACTIVELY SUPPORT A STATE GENERAL OBLIGATION BOND FOR AFFORDABLE RENTAL HOUSING**
- F7 **SUPPORT A CHANGE IN FEDERAL LAW TO FACILITATE USING HOME FUNDS FOR DEVELOPMENTS THAT UTILIZE FEDERAL LOW INCOME HOUSING TAX CREDITS**
- F8 **REVISE THE STATE STATUTE OF LIMITATIONS FOR CONSTRUCTION DEFECT LITIGATION**
- F9 **CONSOLIDATE THE HOUSING FUNCTIONS OF THE LOS ANGELES HOUSING DEPARTMENT AND**

Affordable Housing & Economic Vitality

To remain economically competitive, Los Angeles must have housing that is affordable to workers with a wide range of incomes. Existing and new businesses consider available housing for their employees in making decisions on where to locate. In addition, businesses with goods and services to sell need consumers with disposable income - in other words, a population whose housing costs are within 30 percent of household income. Shortages of affordable housing make Los Angeles a less desirable place for businesses to locate. For the future economic vitality of Los Angeles, the City needs an adequate supply of housing that is affordable to all people, including minimum wage workers.

Los Angeles has one of the lowest rates of home ownership in the country and the widest gaps between income and housing costs. In addition, Los Angeles has one of the worst problems of overcrowding and slum housing in the state. These statistics reveal a housing crisis for middle income people wanting to buy homes, working people unable to afford decent housing, and poor people living in slum conditions. Many cities, including Los Angeles, have addressed affordability problems for first time home buyers by providing subsidies to individual families. To make housing affordable for working families earning \$25,000 or less, the City must develop more rental housing.

Housing developers typically combine conventional financing from private banks and investments from corporations or individuals to build or buy apartment buildings that rent at market rates. To be affordable to low income people, rents must be below market rates. This requires a subsidy. The "subsidy gap" is the amount needed to develop the project with affordable rents after taking into account the conventional financing from private banks (debt) and investments from private or corporate sources (equity). Affordable housing developers use the same sources as market-rate developers and fill the "subsidy gap" with federal, state or local government subsidies, or sometimes with foundation grants.

In Los Angeles, banks are competing with each other to finance affordable housing projects and there are a number of affordable housing developers capable of developing more projects. The bottleneck is the shortage of government subsidy.

The City is the principal source of housing subsidy. This year, the City of Los Angeles will invest \$23 million from two federal programs, HOME and the Community Development Block Grant, to subsidize the rehabilitation or construction of 900 to 1,000 units of affordable housing. However, according to the Southern California Association of Governments' Regional Housing Needs Assessment, Los Angeles needs to produce about 8,000 new housing units each year to keep up with population growth. Nearly half of these - 3,800 per year - should be affordable to low income households.

Estimating \$35,000 of City subsidy to make one unit permanently affordable to low income families, Los Angeles needs to invest \$132 million per year in the affordable housing market. Even with such an increased level of investment, the City would only maintain, not reduce, current high levels of overcrowding, substandard housing and high rents relative to incomes.

The City is spending \$23 million per year on housing subsidy. Another \$109 million a year is needed just to keep up with population growth.

TO CALCULATE THE SUBSIDY GAP

To adequately support the development of affordable housing, the City needs a clear idea of both the magnitude of the problem and the amount of government subsidy needed. The SCAG (Southern California Association of Governments) new construction figures (3,800 units per year of low and very low income housing) do not take into account the need to reduce overcrowding, eliminate slum housing and make rents more affordable. The City should use market data and information from local, regional and state agencies to quantify the subsidy need and develop a housing production plan that meets the need.

F1.1

Direct the Affordable Housing Commission to conduct an annual housing needs analysis that includes a calculation of the aggregate subsidy gap and to recommend ways to close the gap.

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F2. CREATE A HOUSING TRUST FUND

With a minimum subsidy gap of \$100 million per year, Los Angeles cannot afford to rely on the state and federal governments for the financial resources to develop affordable housing. Other cities and states with similar housing affordability problems have created housing trust funds with dedicated revenue streams to ensure adequate production of affordable housing.

Counting the federal block grant funds that pass through the City, Los Angeles spends about \$23 per person on affordable housing, none of it from the General Fund. In contrast, New York spends \$89 per person, nearly four times as much as Los Angeles. Similarly, Chicago spends \$76 per person, San Jose \$71 per person and Seattle \$66 per person.

The following are proposals for revenue that could be permanently dedicated to a housing trust fund for the sustained development of affordable housing.

F2.1 Adopt an inclusionary program for residential development.

Inclusionary zoning ordinances have been successfully used by more than 75 California cities to link new housing construction and the provision of affordable housing. Inclusionary zoning is a land use regulation that requires a minimum percentage of low and moderate income housing in new developments. Many cities give developers a range of options for meeting the affordable housing requirements.

The City has some experience with inclusionary programs because the state's Mello Act imposes inclusionary requirements on development in the coastal zone. The City also has an existing in-lieu fee program for condominium conversions. Thus, the proposal for an inclusionary program could be considered the extension of existing programs rather than the introduction of a completely new program.

F2.1.1 Adopt an inclusionary zoning ordinance.

Develop an ordinance to require the provision of units affordable to very low, low and moderate income households in certain new housing developments. Conduct a study to determine the minimum project size for application of the inclusionary requirement, the mix of affordability levels, and the percentage of units required in each project. Identify a package of incentives for developers (in addition to the current Affordable Housing Incentives Program) that includes full or partial fee waivers and create a menu of options for fulfilling the inclusionary requirement, such as off-site units, in-lieu fees, and land donations.

F2.1.2 Adopt an in-lieu fee as part of the inclusionary zoning ordinance.

Estimated amount: \$14-20 million/year

An in-lieu fee should be one of the options in an inclusionary zoning program. The fee would be an alternative to including an affordable unit in new residential construction. The fee would go to a housing trust fund and be used to construct or rehabilitate affordable housing on another site. Santa Monica has an in-lieu fee of \$6.14 per square foot for apartments and \$7.15 for condominiums. A \$7 per square foot in-lieu fee would generate \$14 - \$20 million per year.

F2.1.3 Comply with the State's Mello Act coastal housing requirements.

Develop guidelines for compliance with Mello Act coastal housing requirements. Require that any very low, low or moderate income housing units in the coastal zone that are demolished or converted be replaced by units in the same income category. Also require that all new coastal zone housing include housing units for low and very low income households or in-lieu fees sufficient to develop such housing.

F2.2 Adopt a linkage fee for commercial development.

Estimated Amount: \$10 - \$18 million/year

New commercial space attracts new businesses and promotes the expansion of existing

businesses. The City's economy is booming and new businesses are creating new jobs. However, many of the new jobs are low-wage service jobs in sectors such as retailing whose workers cannot afford current rents. Since the City already has a shortage of housing affordable to lower wage workers, the creation of additional jobs creates more demand for affordable housing than can be met by the City's housing market.

In ten cities around the country with housing problems similar to those in Los Angeles, impact or mitigation fees have been imposed on commercial development to help subsidize affordable housing units. These cities include San Francisco, Boston, Sacramento, San Diego, Palo Alto, Menlo Park and Cupertino. Adoption of impact fee did not stymie commercial development in these cities and had only a negligible impact on commercial rents. Courts have found these "linkage" fees legal when a nexus or connection can be shown between the development and the need for affordable housing. The fee goes into a trust fund dedicated to affordable housing.

Impact or linkage fees are allowed under state law and do not require a vote of the people because they are one-time only charges. Before adopting an impact fee, the government must conduct a nexus study to demonstrate the link between the commercial development and the need for affordable housing. In 1990 the Los Angeles City Council completed a nexus study for a linkage fee to be imposed on certain categories of commercial development larger than 40,000 square feet. The study recommended that the fee not exceed 3.5 percent of valuation, which was about \$5 per square foot in 1990 dollars. In 1991, the City adopted a notice and credit ordinance to notify developers that they might be subject to a fee. This ordinance remains on the books in the City's Building Code at 107.4.7, Affordable Housing Mitigation Fee. But the fee itself was never adopted because by 1991 Los Angeles was mired in a severe recession and commercial real estate development came to a virtual standstill.

Now is an excellent time to adopt a linkage fee, as commercial vacancy rates are dropping and development is increasing. At current levels of development, an impact fee of \$7 per square foot would generate between \$10 and \$18 million a year.

F2.3 CRA Central Business District Project Area tax revenues

Estimated Amount: \$8 - \$10 million/year.

Redevelopment agencies can generate substantial funds because they collect the difference in property tax revenues between a base year when an area is first designated a redevelopment project and the tax income in subsequent years as property values rise. The Community Redevelopment Agency's (CRA) Central Business District (CBD) Project Area was a splendid source of funds for downtown commercial and residential development but it was capped at a total of \$750 million. Next year the CRA is expected to pay off the remaining bond debt for the CBD project. Once the debt is paid, the project will cease to exist and the \$30 million in annual tax increment revenue that once flowed to the CRA will revert to the various taxing authorities. The City's share of these revenues will be about \$10 million a year. The City's share of downtown property tax revenues should be permanently dedicated to a housing trust fund.

F2.4 Citywide property tax growth

Estimated amount: \$5.8 - \$16.2 million/year

Generally, property tax revenues increase from year to year. Revenues from property taxes in the City enjoyed an average annual growth of 2.3 percent in the past three years and are estimated to grow by 5.9 percent in the current budget year, due to the City's recovery from the real estate slump of the early and mid- 1990s. Given the importance of City investment in the affordable housing market, the City should dedicate at least 20 percent of the growth in property tax revenues to building the supply of affordable housing. About 20 percent of the growth in property tax receipts would be \$5.8 - \$8.1 million, 30 percent, \$8.8 - \$12.1 million and 40 percent, \$11.7 - \$16.2 million.

F2.5 Transient occupancy tax

Estimated Amount: up to \$9.8 - \$49 million/year

The transient occupancy tax is a 14 percent local tax on hotel room rates and is expected to generate \$98.7 million this budget year. Revenues from the transient occupancy tax have increased an average of 8 percent over the past four years. More than 90 percent of the occupancy tax revenues go into the General Fund with 6.5 percent reserved for tourism related items. The City expects to build more hotels in the Staples Arena area which should further boost revenues from this source. At the same

time low-wage employment and the need for affordable housing will also increase.

F2.5.1 Dedicate a portion of the transient occupancy tax.

Dedicating a percentage of the current revenues would not require a vote of the electorate because it would not be a tax increase. Dedicating 10 percent of the Transient Occupancy Tax to affordable housing development would be \$9.8 million, 20 percent would be \$19.6 million, 30 percent would be \$29.4 million, 40 percent would be \$39.2 million, and 50 percent would be \$49.0 million. San Francisco uses part of its hotel room tax to fund affordable housing.

F2.5.2 Increase the transient occupancy tax

Increasing the tax from 14 percent to 15 percent would generate \$8.68 million per year. Such an increase would likely be subject to Prop. 218, requiring approval of two-thirds of the electorate if the increase were dedicated to affordable housing, or a majority of voters if the revenue went to the General Fund.

F2.6 Levy fees on water usage above a first-tier (life-line) base amount.

Estimated amount: \$32.4 million/year

The Department of Water & Power (DWP) sells both water and electricity to residents of the City. The larger part of the department is the power section, which is streamlining to become competitive in the soon-to-be-deregulated market. However, the DWP has a monopoly on water delivery that is expected to continue for the foreseeable future. An increase in user fees would have the dual purpose of generating more revenue while encouraging consumers to conserve water. Water is billed on the basis of two tiers, one for baseline usage and a higher rate for use over the baseline. By raising only the second tier, the financial burden would fall on those customers who are large or inefficient water users. It is not clear whether a user utility fee would require ballot approval under Prop. 218. A 10 percent user fee on full second tier revenues would generate about \$7.5 million per year. Seventeen cities in Los Angeles County impose user fees on water.

F2.7 Secure stock options in exchange for Community Development Bank investments in e-commerce ventures.

Estimated amount: Unknown

A Community Development Bank was started with Section 108 loans and revenue generated by the bank must be used to pay back the loans. Any excess should be dedicated to producing affordable housing.

The Los Angeles Community Development Bank is investing in a number of e-commerce ventures. Many will probably fail, but if just one is successful it is likely to become very profitable. Stock options in such a company could be sold to generate revenues for affordable housing or retained as revenue sources if the company pays dividends. LAHD should work with the Community Development Bank to assess the possibility of assigning to the City future stock options in e-commerce ventures to be used for affordable housing. Such an approach would not put any financial burden on start-up companies, as the options would be taken at the point the company goes public. This idea needs further development.

F2.8 Study additional fees on luxury items.

The City should study the feasibility of generating revenues for housing from local fees on luxury items such as annual fees on luxury boxes at arenas, fees on tickets to sporting or entertainment events costing more than \$50 per seat, fees on car rentals, fees on airplane tickets or airport departure taxes.

F2.8.1 Cable TV Franchise Fee (\$3.6 - \$18 million)

This is a 5 percent fee negotiated between the Cable TV company and the City. The fee is passed on to consumers. However, because it is a franchise fee, not a tax, an increase would not require a vote of the people. Each 1 percent increase generates about \$3.6 million. So raising the fee from 5 percent to 6 percent would generate \$3.6 million, to 7 percent, \$7.2 million, to 8 percent \$10.8 million, to 9 percent \$14.4 million, and to 10 percent - \$18 million. The funds would be added to the housing trust fund.

F2.9 Local general obligation bond for housing

Estimated amount: \$100 million (one time)

A general obligation bond for housing would provide one-time seed money for the housing trust fund. A bond measure requires approval of two-thirds of the electorate. In 1989, LA voters narrowly missed approving a \$100 million local housing bond (Proposition 3). The following year, another \$100 million housing bond (Proposition K) received 54 percent of the vote. The mood of the voters concerning bond measures may have changed in the intervening years. In 1997, Los Angeles voters approved Proposition BB with over \$2 billion for school repair and reconstruction, and in 1998, voters approved a \$178 million bond to construct 32 branch libraries.

F2.10 Parking users tax

Estimated Amount: \$4 - \$20 million per year

The City has a 10 percent tax on parking in pay lots or garages. The tax generates \$4 million per year that goes into the General Fund. Raising the tax by one percentage point to 11 percent would generate \$4 million, to 12 percent, \$8 million, to 13 percent \$12 million, to 14 percent, \$16 million, to 15 percent, \$20 million. If the increased amount went to the General Fund, approval by a majority of voters would be required. An equivalent amount of General Fund revenues could then be put in the housing trust fund. San Francisco has a 25 percent parking tax.

F2.11 Increase the redevelopment housing set-aside.

Amend state law to require that redevelopment agencies within the County of Los Angeles set aside 30 percent rather than 20 percent of redevelopment revenue and redevelopment bond proceeds for affordable housing.

Although unlikely to produce immediate revenue, increasing the set-aside would ensure that additional funds would be spent on affordable housing when CRA projects do produce revenue again. The recommendation is limited to redevelopment agencies within Los Angeles County because in other areas of the state \$400 million in housing set-aside money remains unspent by communities unwilling to produce affordable housing. When housing funds were available, the CRA spent hundreds of millions of dollars on affordable housing.

F2.12 Dedicate to housing production at least 75 percent of program income generated by repayment of earthquake and all other Los Angeles Housing Department (LAHD) and CRA housing loans.

The City has an affordable housing loan portfolio worth hundreds of millions of dollars. Nearly \$300 million in earthquake recovery loans alone were made in the 1990s. Since these loans were made for housing and came from housing funds (e.g., CDBG, HOME, HOPWA, tax increment), revenues generated by repayment should go back to the Housing Department as a revolving fund or to the new housing trust fund to finance additional affordable units for the next generation.

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F3. COMPLETE AND EVALUATE THE TARGETED NEIGHBORHOOD INITIATIVE BEFORE COMMITTING NEW FUNDS

In 1997, the Mayor proposed and the City Council agreed to divert \$30 million of Community Development Block Grant (CDBG) funds over a three-year period to a new Targeted Neighborhood Initiative (TNI) pilot project. The TNI has been annually allocated \$12 million in CDBG funds that previously were dedicated through the City budget-making process for the development of affordable housing. Before any new funds are committed to this project for new neighborhoods, the current TNI Program should be completed and thoroughly evaluated. In the meanwhile, the \$6 million of CDBG now available for Fiscal Year 2000-01 (since the TNI funding was extended to a fourth year \$6 million in Fiscal Year 1999-2000 and \$6 million in Fiscal Year 2000-2001) should be added back into the housing budget.

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F4. IMPROVE THE CONDOMINIUM CONVERSION FEE PROGRAM

F4.1 Revise the condominium conversion ordinance to allow funds to be spent citywide if no local project surfaces within one year of the fees being paid.

Estimated amount: \$1.3 million (one-time)

The City's condominium conversion ordinance requires developers of new condominiums to replace one-for-one any housing demolished to make way for the new construction. One of the replacement options allows developers to pay an "in-lieu fee" each unit demolished. The in-lieu fees are reserved for subsidizing rental housing with 1.5 miles of the demolished units. The current City ordinance also requires a \$500 per unit fee when housing is converted to condominiums. Currently, the City has about \$1. million in unexpended in-lieu fees and \$80,500 in \$500 per unit fees, none of which has been spent because of the narrow geographic restrictions. The original Council resolution called for council review of the policy every two years. The City Council should review this ordinance and revise it to allow such funds to be used to develop housing citywide if they cannot be used in the immediate area within a year.

F4.2 Establish a formula for in-lieu fees that is directly tied to the actual cost of developing the replacement housing.

The money collected for the in-lieu fees is woefully inadequate to provide the one-for-one replacement housing required in the ordinance. For example, fees on one project were \$3,380 to subsidize six moderate income units, while another approved months earlier was \$5,662 to subsidize four moderate income units, both for 30 years of affordability. These amounts are only \$18 and \$47 per unit per month, respectively. Currently the average LAHD subsidy on a unit of housing affordable to low income households is \$35,000, which many argue is too low. It appears that the in-lieu fees generated are between five and 10 percent of the actual costs of replacement housing. Where fees are allowed in-lieu of actually providing the replacement housing, these fees should be directly tied to the actual cost of developing the housing.

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F5. CRA BUNKER HILL PROJECT AREA

F5.1 Dedicate future CRA revenues from the Bunker Hill project area to fund affordable housing development citywide.

CRA's Bunker Hill funds have been used to develop affordable housing units citywide. The loss of these CRA funds, due to the lingering effects of the recession on property tax assessments in the project area, is a major cause of the current crisis in financing affordable housing in the City. Although the Bunker Hill project area is not currently producing enough revenues to support more housing development, it will in the future generate more funds. All future tax increment produced by the Bunker Hill project area should be dedicated to citywide affordable housing development.

F5.2 Seek legislation increasing the housing replacement ratio for the Bunker Hill project area

Under state law, the CRA is voluntarily developing three replacement units citywide for every unit of housing demolished in the project area. To meet this goal, the CRA will have to develop an additional 7,000 units of housing. Although no housing is currently being produced with Bunker Hill project funds, there should be revenues in five to ten years. The City should seek a change in state law to allow the CRA to voluntarily build five replacement units citywide for every unit demolished in the project area.

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F6. ACTIVELY SUPPORT A STATE GENERAL OBLIGATION BOND FOR AFFORDABLE RENTAL HOUSING

There are two affordable housing bond measures, AB 398 (Midgen) and SB 510 (Alarcon) before the state legislature which have the support of the leadership of both houses. If passed, the bonds will be voted on by the electorate in November 2000. The City Council should go on record in support of a housing bond with substantial resources for affordable rental housing.

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F7. SUPPORT A CHANGE IN FEDERAL LAW TO FACILITATE USING HOMEOWNERS' FUNDS FOR DEVELOPMENTS THAT UTILIZE FEDERAL LOW INCOME HOUSING TAX CREDITS

The federal HOME program was designed to fund affordable housing. However, laws governing the federal Low Income Housing Tax Credit make projects that utilize HOME funds not competitive. HOME is an entitlement program like the Community Development Block Grant Program which is also a source of housing finance. Yet, on

CDBG funds have been given to a state or city, Congress considers them local funds. The City should lobby Congress to amend the law so that HOME funds can also be considered local funds and can be used competitively in projects applying for tax credit

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F8. REVISE THE STATE STATUTE OF LIMITATIONS FOR CONDOMINIUM CONSTRUCTION DEFECT LITIGATION

Currently, condominium owners have up to ten years to file a lawsuit (other states typically have a one-year limitation), thus leaving architects, developers, and contractors open to liability risk for an extended period of time. The result is a growing unwillingness to build condominiums and other types of attached housing. Attached housing developments such as condominiums, town homes, and small lot single-family project achieve higher densities, are ideal for mixed-use and infill situations, and create viable ownership alternatives to the single-family home. The statute of limitations governing construction defect litigation should be revised to allow a shorter period during which condominium owners can file lawsuits. The City should direct its state lobbyist to work to revise the construction defect statute of limitations by forming a coalition with other cities and counties facing a similar housing crisis.

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F9. CONSOLIDATE THE HOUSING FUNCTIONS OF THE LOS ANGELES HOUSING DEPARTMENT AND THE CRA AT LAHD

The CRA no longer has a large pool of tax increment money to spend on housing. In fact, much of its housing funds now come from the Community Development Block Grant. In the interest of efficiency, the housing functions and staff of the CRA should be incorporated into the Los Angeles Housing Department.

STATE OF EXISTING AFFORDABLE HOUSING SUBCOMMITTEE

Summary of Recommendations

- E1. DEVELOP A PRESERVATION STRATEGY FOR ALL AT-RISK AFFORDABLE HOUSING
 - E1.1 Update and regularly revise the LAHD list of at-risk subsidized housing.
 - E1.2 Obtain copies of regulatory agreements.
 - E1.3 Require owners opting out of their subsidized rental contracts to notify the City of their intentions one (1) year in advance of the opt out.
 - E1.4 Preserve HUD-financed and City bond financed affordable housing.
 - E1.5 Facilitate ownership transfers of prepayment buildings.
 - E1.5.1 Meet with residents of at-risk developments to provide accurate and up-to-date information.
 - E1.5.2 Make direct contact with owners to discuss options for preserving the developments.
 - E1.5.3 Identify ways to acquire at-risk housing for the purpose of transferring this housing to nonprofits and other entities that are willing to maintain it as permanently affordable, deed-restricted, below-market-cost housing.
 - E1.6 Consider the imposition of a fee on owners who opt out of subsidized housing.
 - E1.7 Identify pools of funds for the preservation of at-risk affordable housing.
 - E1.7.1 Prioritize the use of HOME or other soft dollars for the preservation of HUD assisted and/or insured, multifamily housing.
 - E1.7.2 Create a 501(c)(3) bond pool for purchasers to obtain favorable rates on deals when they are available particularly making smaller deals possible.
 - E1.7.3 Provide gap financing for acquisition of at-risk buildings.
- E2. ENSURE ENFORCEMENT OF THE RENT STABILIZATION ORDINANCE (RSO) IN PRE-1979 HOUSING WHERE THE OWNER HAS PREPAID THE HUD MORTGAGE

- E2.1 Prosecute owners who charge illegal rents.
- E2.2 Provide sufficient staff in the LAHD Rent Division to investigate illegal rent complaints.
- E2.3 Create a fund to assist tenants with illegally demanded rent while their cases are being prosecuted.
- E2.4 Require consideration of cross complaints of RSO violations in unlawful detainer cases.
- E2.4.1 For this to be feasible, the County courts would have to agree to "fast-track" RSO criminal complaints, and this may require legislation.
- E3 CREATE THE POSITION OF AFFORDABLE HOUSING PRESERVATION COORDINATOR.
- E4 MONITOR MAJOR PRIVATE AND PUBLIC DEVELOPMENT PROJECTS TO IDENTIFY AND MITIGATE LOSS OF AFFORDABLE HOUSING
- E5 EDUCATE ELECTED OFFICIALS AND THEIR STAFF ON THE ISSUE OF AT-RISK SUBSIDIZED HOUSING

RECOMMENDATIONS OF THE STATE OF EXISTING AFFORDABLE HOUSING SUBCOMMITTEE

In the City of Los Angeles there are nearly 40,000 privately owned units with various types of subsidies from the federal, state and local government that make the rents affordable to their low-income occupants. These programs include federal low interest loans and mortgage insurance programs FHA 221(d)(3) and FHA 236, the federal project-based Section 8 program, deferred payment finance from the Los Angeles Community Redevelopment Agency, the Los Angeles Housing Department and state and local tax-exempt bonds.

All have restrictions on the amount of rent that can be charged and the income levels eligible renters. The restrictions have terms of varying lengths and when these terms expire, the owners may raise the rents to market rates or the unit may lose the supplement that lowered the rent to an affordable level. Some of the subsidy program have options that let owners end their participation in the program early by "prepaying," that is, paying the entire amount due on the mortgage early. The Section 8 project-based assistance program allows owners to "opt out" of the program and raise their rents to market rate.

Market rents in many parts of Los Angeles are now higher than the rents paid by subsidy programs and some owners of buildings that are eligible to "opt out" of the subsidy programs or prepay their mortgages are choosing to do so. At the same time, in other units, the term of the affordability restriction is expiring. These changes expose many Los Angeles renters to the threat of displacement because they will not be able to pay the higher rents. In buildings whose owners have project-based Section 8 contracts, all eligible tenants will receive Section 8 vouchers. The vouchers will be "enhanced" if the rents rise above HUD's allowable fair market rents. But the owners only have to accept the vouchers for one year and tenants may not be able to find comparable housing in the same neighborhoods. This will impose hardships on families with children in local schools and seniors who have to leave a supportive community.

In other subsidized buildings the rents are low and some or all tenants have low income but are not eligible for Section 8 and won't receive vouchers. City law now makes pre-1979 buildings subject to the Rent Stabilization Ordinance if they leave federal subsidy programs. Therefore tenants in these buildings should be able to go on paying the same low rent. However, some property owners insist they have the right to raise rents to market for existing tenants. Tenants of these landlords may not know their rights, or may be subject to eviction if they refuse to pay an illegally demanded amount. In such cases timely investigation and enforcement by the Rent Stabilization Division is critical to preventing displacement of tenants.

In buildings subsidized by the Community Redevelopment Agency or by bond finance and built after 1979, the rents will rise to market rates when the subsidy program ends. The risk of displacement of lower income tenants is even greater in these buildings. Given high rental housing costs throughout the City, the displaced tenants may not be able to find any units they can afford. With thousands of units in the City at risk of converting to market rates, many tenants in these units face possible displacement and it is imperative that the City develop a strategy to preserve the affordability of as many "at-risk" units as possible and to protect the occupants of the units.

The preservation strategy must be a multi-branched strategy that includes a monitoring program to track the status of all units at risk of losing their subsidies, coordination

among all agencies involved (the U.S. Department of Housing and Urban Development, the Los Angeles Housing Department, the California Housing Partnership Corporation, the Housing Authority of the City of Los Angeles, the Los Angeles Homeless Service Authority, the Coalition for Economic Survival, and others), tenant notification and assistance, consultation with owners about possible incentives to continue participation in the subsidy programs and new resources to fund acquisition and rehabilitation of buildings that become available for sale.

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E1 DEVELOP A PRESERVATION STRATEGY FOR ALL AT-RISK AFFORDABLE HOUSING

E1.1 Update and regularly revise the LAHD list of at-risk subsidized housing.

Conduct an update of the LAHD list of all at-risk subsidized housing in the City of Los Angeles. This list should include units financed by the U.S. Department of Housing and Urban Development (HUD), units financed by tax-exempt bonds issued by the Los Angeles Housing Department (LAHD) and other entities, units financed by the Community Redevelopment Agency (CRA), units financed by the California Housing Finance Agency, (CHFA), and units produced under the City's density bonus and land use affordability covenants.

Update the subsidized housing list at least every six months for purposes of regular reports to the City Council, Mayor, and public.

E1.2 Obtain copies of regulatory agreements.

Obtain copies of actual regulatory agreements or other documents that will allow an informed evaluation of an owner's options.

E1.3 Require owners opting out of their subsidized rental contracts to notify the City of their intentions one (1) year in advance of the opt out.

E1.4 Preserve HUD-financed and City bond financed affordable housing.

Include both HUD financed and City bond-financed properties in programs to preserve affordable housing (to avoid another Warner Center situation).

Facilitate ownership transfers of prepayment buildings.

Facilitate potential ownership transfers of prepayment buildings or other specified properties and identify related funding sources. To these ends the City and appropriate agencies should:

E1.5.1 Meet with residents of at-risk developments to provide accurate and up-to-date information.

E1.5.2 Make direct contact with owners to discuss options for preserving the developments.

E1.5.3 Identify ways to acquire at-risk housing for the purpose of transferring the housing to nonprofits and other entities that are willing to maintain it as permanently affordable, deed-restricted, below-market-cost housing.

Consider imposing a fee per unit on owners who opt out of subsidized housing. This fee would go into a preservation fund to be used in assisting the transfer of at-risk housing to nonprofits.

E1.7 Identify pools of funds for the preservation of at-risk affordable housing.

E1.7.1 Prioritize the use of HOME or other soft dollars for the preservation of HUD assisted and/or insured, multifamily housing.

E1.7.2 Create a 501(c)(3) bond pool for purchasers to obtain favorable rates on deals when they are available, particularly making smaller deals possible.

E1.7.3 Provide gap financing for acquisition of at-risk buildings.

As interest rates rise, the City should provide secondary gap financing, based on cash flow. These would be loans, not grants, which, even under current rates, should be competitive.

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E2 ENSURE ENFORCEMENT OF THE RENT STABILIZATION ORDINANCE (RSO) IN PRE-1979 HOUSING WHERE THE OWNER HAS PREPAID THE HUD MORTGAGE

Tenants in prepayment units face many problems. City law requires that the rents in these units comply with the amount allowed by the RSO. But current enforcement measures are weak and the LAHD Rent Stabilization Unit doesn't have sufficient staff to conduct timely investigations of complaints from tenants that the owner is charging illegal rents.

E2.1 Prosecute owners who charge illegal rents.

Request the City Attorney to prosecute owners who violate the Rent Stabilization Ordinance by charging illegal rents at HUD prepayment buildings. If illegal rent is being collected on a continual basis there should be no statute of limitation issue. Consider hearing officer program for illegal rent complaints.

E2.2 Provide sufficient staff in the LAHD Rent Division to investigate illegal rent complaints.

Ensure that there is sufficient staff in the LAHD Rent Stabilization Unit to fully investigate illegal rent complaints from prepayment properties and refer owners to the City Attorney for prosecution when warranted.

E2.3 Create a fund to assist tenants with illegally demanded rent while their cases are being prosecuted.

Create a fund to assist tenants with the illegally demanded rent while their cases are being prosecuted by the City Attorney. This fund is essential to prevent tenants from being evicted for non-payment of rent before the criminal case goes to trial.

E2.4 Require consideration of cross complaints of RSO violations in unlawful detainer cases.

Investigate state legislation to require unlawful detainer court judges to consider cross complaints of RSO violations before ruling on the unlawful detainer complaint.

For this to be feasible, the County courts would have to agree to "fast-track" RSO criminal complaints, and this may require legislation.

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E3. IMPROVE THE POSITION OF AFFORDABLE HOUSING PRESERVATION COORDINATOR

The position of affordable housing preservation coordinator is needed to monitor HUD prepayment buildings and properties with expiring affordability covenants (such as the bond-financed Warner Center in the Valley). The coordinator will collaborate with the Housing Authority of the City of Los Angeles, which becomes involved with properties times of prepayment or opt-out and provide information and assistance to the tenants ensure their rights are maintained under the Rent Stabilization Ordinance. The coordinator will also ensure that tenants in bond-financed buildings are notified well in advance of the expiration of the affordability covenant, and that information on alternative housing opportunities is made available to tenants who will be displaced by large rent increase when the rents in post-1979 buildings not covered by the RSO are raised to market levels.

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E4. MONITOR MAJOR PRIVATE AND PUBLIC DEVELOPMENT PROJECTS TO IDENTIFY AND MITIGATE LOSS OF AFFORDABLE HOUSING

The development of new schools, commercial projects and civic buildings may all cause the loss of affordable housing. LAHD must monitor the housing impacts of these developments and take action to minimize the loss of units and mitigate unavoidable

losses. (See Rental Housing Subcommittee Recommendations 4.5 and 4.6). A project that requires immediate attention is the City of Angels /Crown Hill Monument development in downtown Los Angeles, near 3rd Street and Bixel Street.

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EB. EDUCATE ELECTED OFFICIALS AND THEIR STAFF ON THE ISSUE OF AT-RISK SUBSIDIZED HOUSING

Conduct workshops on the state of at-risk subsidized housing (including HUD prepayment properties, LAHD, Bond-financed, CRA, CHFA) for Los Angeles' elected officials (including state and federal representatives) and staff.

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LAND USE AND PLANNING SUBCOMMITTEE

SUMMARY OF RECOMMENDATIONS

- P1 MODIFY THE CITY'S ZONING CODE TO PROMOTE AFFORDABLE HOUSING
 - P1.1 Allow a more flexible building envelope in selected residential zones.
 - P1.1.1 Allow a 50 percent density bonus for 100 percent affordable housing developments
 - P1.2 Decrease minimum lot size in selected areas to encourage production of affordable units.
 - P1.3 Create intermediate residential zoning designations (R1.5, R2.5, R3.5, etc.).
 - P1.4 Revise the zoning code to encourage the development of more family units.
 - P1.5 Rezone more properties for multi-family uses.
 - P1.6 Facilitate mixed use projects.
 - P1.7 Reduce parking requirements near public transportation.
 - P1.8 Allow housing development on obsolete industrial land.
 - P1.9 "Grandfather in" existing land use entitlements for affordable housing reconstruction.
 - P1.10 Facilitate affordable home ownership with a small lot program in selected areas.
 - P1.11 Convene a panel of private sector architects, planners, developers, lenders, affordable housing advocates and others who are experts on land use and building to make specific, feasible recommendations on zoning reforms.
 - P1.12 Revise the Los Angeles zoning code for compliance with state and federal fair housing laws.
- P2 EXPEDITE PROCESSING FOR HOUSING DEVELOPMENT
 - P2.1 Create a Building and Safety check list for all approvals needed for new housing development.
 - P2.2 Guarantee completion of a plan check review within two weeks for affordable housing applicants
 - P2.3 Create a case manager program for affordable housing developments in both the City Planning Department and the Department of Building and Safety.
- P3 IMPROVE PUBLIC ACCESS TO PLANNING, ZONING AND BUILDING AND SAFETY INFORMATION
 - P3.1 When the code revision is complete, develop a simple print booklet and online guide to the zoning code for property owners and developers.
 - P3.2 Make zoning information available on line and by telephone, further reducing the time required for permit processing and plan check.
 - P3.3 Create an information quality control program.
 - P3.4 Allow payments of approval and other fees over the phone or Internet.
 - P3.5 Digitize existing and approved land use information and make it available on the City's website.
 - P3.6 Put the City's inventory of 9,200 City-owned sites on line.
 - P3.7 Identify and disseminate data about vacant and underutilized land parcel by parcel.
- P4 CREATE GREATER AFFORDABLE HOUSING INCENTIVES
 - P4.1 Include additional incentives in the City's Affordable Housing Incentives Ordinance.
- P5 INCREASE HOME OWNERSHIP OPPORTUNITIES BY PERMITTING THE DEVELOPMENT OF ACCESSORY UNITS

- 5.1 Facilitate the production of accessory units in selected areas.
- P6 ENSURE THE SAFETY OF RENTERS BY CREATING HABITABILITY STANDARDS AND A LEGALIZATION PROCESS FOR ILLEGAL UNITS
- 6.1 Create habitability standards and a process to legalize certain garage units.
- P7 ESTABLISH A NEW ENTITY TO PROVIDE ONGOING EXTERNAL LEADERSHIP TO ADDRESS THE CITY'S HOUSING CRISIS
- P7.1 Create a Leadership Council on Affordable Housing and Economic Vitality.
- P7.2 Review the role, mandate and authority of the existing Affordable Housing Commission and make recommendations to the Mayor and Council
- P8 EDUCATE THE PUBLIC ABOUT THE NEED TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING FOR ALL INCOME GROUPS
- P8.1 Design competition for well-designed alternative models of multifamily housing.
- P8.2 Design studies for new forms of affordable housing.
- P8.3 Educate new area planning commissioners and members of neighborhood councils about the need for affordable housing.
- P9 INTEGRATE AFFORDABLE HOUSING IN MAJOR PROJECTS SUCH AS NEW SCHOOLS AND TRANSIT DEVELOPMENT
- P9.1 Work with other agencies to include affordable housing in the development of civic projects such as schools, large commercial developments and transit.
- P10 ENCOURAGE SUSTAINABLE DEVELOPMENT AND GREEN BUILDING PRACTICES
- P10.1 Provide incentives to projects that incorporate sustainable building practices.
Make more efficient use of sites.
- P10.1.2 Incorporate more efficient energy systems.
- P10.1.3 Emphasize recycling.
- P10.2 Eliminate City regulations that hinder sustainable development approaches.

RECOMMENDATIONS OF THE LAND USE AND PLANNING SUBCOMMITTEE

According to estimates of the California Department of Finance, the City's population increased by 300,000 persons over the last decade but only 30,600 net new housing units were built. Last year alone the population increased by 65,500 new persons (22,500 households) but only 1,940 net new units were built. As the population of the City continues to grow, the development of new housing falls farther behind. The Regional Housing Needs Assessment of the Southern California Association of Governments calls for 8,000 new units a year of which 3,800 should be affordable to households earning 80 percent or less of median income. Only about 500 new affordable units are produced each year.

The City faces a crisis in housing affordability. Low-income renters must pay more than half their income for rent and only 39 percent of the City's households own their own home. The crisis calls for a new partnership between the development community and the City. The City's land use planning and regulatory tools give it the power to reshape Los Angeles to meet new needs. To develop more affordable units, the City must revise its zoning and building codes to create additional building sites, increase the number of possible units and reduce development costs. This includes creating a more flexible building envelope, removing barriers to mixed use development and providing greater flexibility in lot sizes. Because delays in obtaining planning approvals and permits add costs to development, the City must also continue the reform of permit processing to make it easy for the public to file applications and obtain approvals. Finally, the City must work with the development community to find new ways to assemble sites in the City's underutilized commercial and industrial areas and with neighborhood groups to create more home ownership opportunities in selected areas using smaller lots.

The City can make its neighborhoods better places to live by creating greater incentives for mixed use, transportation-oriented and resource-efficient development projects and by identifying ways to reduce development costs and encourage sustainable building practices.

All sectors of the development community have a crucial role to play in solving the City's housing crisis. Large scale developers can restructure parts of downtown and other

aging commercial centers through adaptive reuse of old office buildings, loft conversion in vacant factories and mid-rise new construction. Smaller developers can provide the essential infill developments needed to redevelop underutilized areas. Access to more capital will empower the nonprofit community, which is skilled in doing complex infill projects in difficult areas, to increase its production of permanently affordable housing. Small contractors and family entrepreneurs also have a role to play by housing extended family members and neighbors in small scale rental units built in single family zones or producing additional homeownership housing on split lots in selected areas.

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P1. MODIFY THE CITY'S ZONING CODE TO PROMOTE AFFORDABLE HOUSING

Housing production in the City of Los Angeles is at a virtual standstill, while population continues to grow. Rental housing is increasingly unaffordable for lower wage workers and only 39 percent of the City households are homeowners. A principal barrier to housing production is the lack of land close to employment centers. The City has a very limited supply of vacant land and most new housing must now be built on underutilized residential or commercial parcels. Available sites are scattered and hard to assemble into large enough parcels for efficient development.

Constraints in the supply of land are exacerbated by constraints imposed by the City's land use regulations. A number of provisions in the City's zoning code are not flexible enough to respond to current conditions. Mixed use development, although recommended as a way to create "walkable neighborhoods" and make housing more affordable, has proven nearly impossible to implement due to contradictory requirements of residential and commercial building codes. Restrictions on minimum lot size prevent the development of smaller "beach-style" lots like those in Santa Monica, Venice and other coastal areas, although the creation of such lots would allow more families to achieve the American dream of homeownership.

The changes recommended in this section use a variety of methods to increase project feasibility in multifamily zones, reconcile contradictions between commercial and residential building codes that hinder the development of mixed use projects and increase the number and type of building sites in both single and multifamily zones. The principle underlying these recommendations is that increased density should be encouraged in areas that are adequately served by public transportation.

Allow for more flexible building envelopes in selected residential zones. Include design criteria for reduction in yard requirements.

P1.1 Allow a more flexible building envelope in selected residential zones.

P1.1.1 Allow a 50 percent density bonus for 100 percent affordable housing developments.

A residential development in any multifamily zone will be allowed to increase its base density by 50 percent by right (as opposed to the current 25 percent) if all units are restricted to meet the City of Los Angeles affordable housing criteria. In addition, those affordable projects whose unit counts are 25 percent to 50 percent greater than the allowed base density, will be allowed to exceed the base zone's height limit by 10 feet one story.

P1.2 Decrease minimum lot size in selected areas to encourage production of affordable housing.

To encourage the development of affordable units, decrease minimum lot size in R1 and R2 zones by 20 to 25 percent for projects that produce affordable units. For example, in R1 and R2 zones where the common minimum lot size is 5,000 square feet, the minimum lot size could be reduced to 4,000 square feet. Reducing the minimum lot size would help to encourage the production of more units by making it economically feasible to develop some properties that are shaped irregularly or that would not generate revenue sufficient to develop them.

P1.3 Create intermediate residential zoning designations (R1.5, R2.5, R3.5, etc.).

To encourage housing development, introduce revised intermediate zones, (R1.5, R2.5, R3.5, R4.5) with lower per lot and per dwelling unit minimum areas. Allow them to be applied to zones one category lower for properties within 1,500 ft. of transit stops.

P1.4 Revise the zoning code to encourage the development of more family units

Existing regulations specifying the maximum number of units that can be built on sites a given size in each zoning designation encourage the development of one and two bedroom units because these fit more easily into the permitted building envelope. The Planning Department should consult with developers to assess whether eliminating the determination of the number of units allowed on lots of a given size or creating intermediate zones would provide incentives to build larger units (three and four bedrooms) and make appropriate revisions in the zoning code.

P1.5 Rezone more properties for multi-family uses.

P1.6 Facilitate mixed use projects.

Facilitate mixed use projects by revising and reconciling city planning, zoning, and building and safety requirements for residential and commercial projects, including fire safety, occupancy, health and parking. The incorporation of housing with other compatible uses would result in more efficient use of land, especially in neighborhood where there is a shortage of land for affordable housing.

P1.7 Reduce parking requirements near public transportation.

Provide incentives to develop affordable housing by reducing parking requirements to 1.0 spaces per unit if the property is within 1,500 feet of a public transportation stop or pedestrian oriented public facility or supermarket retail project. Existing parking requirements can add up to \$25,000 to the cost of developing a single housing unit and can have the effect of raising a unit's monthly rent by \$100 to \$150.

P1.8 Allow housing development on obsolete industrial land.

Identify a set of conditions for allowing safe residential development in obsolete industrially zoned land and then rezone areas that meet these conditions. Link applications for development in these areas to a process for informing applicants about environmental assessment and brownfields recovery funds.

P1.9 "Grandfather in" existing land use entitlements for affordable housing reconstruction.

In some cases, rehabilitating an old building is just as expensive or even more expensive than rebuilding it, especially when there are lead or asbestos hazards in the building. But if the building is demolished, any new construction will be limited by current parking, lot coverage and other regulations, making the construction much more expensive. Developers of affordable housing should be allowed to use the old parking and other requirements instead of existing ones when rehabilitation is more expensive as expensive as new construction.

P1.10 Facilitate affordable home ownership with a small lot program in selected areas.

Within selected areas with adequate access to public transportation, reduce minimum area per lot and minimum area per dwelling unit to 2,500 square feet in all one-family dwelling zones (i.e., R1, RU, RZ, RW) as well as R2, RD, RMP and RW2 zones. Permit further subdivision of existing lots within single family areas to encourage more affordable homeownership. Revise required yard and minimum lot width specifications based on good design guidelines. In existing single family neighborhoods, these changes will create "beach lots" like those in Santa Monica and Venice but will retain the basic single family nature of the area.

P1.11 Convene a panel of private sector architects, planners, developers, lender affordable housing advocates and others who are experts on land use and building to make specific, feasible recommendations on zoning reforms.

P1.12 Revise the Los Angeles zoning code for compliance with state and federal fair housing laws.

Review and revise the Los Angeles zoning code for compliance with state and federal fair housing laws and implement the following changes: (1) define "family" without numerical restrictions and any related/unrelated distinction; (2) permit the siting of congregate living arrangements for more than six persons in single family residential zones and those of greater density without a conditional use permit or variance requirement where the living arrangement meets the definition of family; and (3) add a fair housing reasonable accommodation procedure for developers of housing for people with disabilities and for individuals with disabilities.

P2 EXPEDITE PROCESSING FOR HOUSING DEVELOPMENT

Despite vigorous City efforts to streamline and coordinate the procedures for obtaining building permits and planning approvals, accurate information on zoning, planning, and building requirements is still difficult to obtain, and the process of approval is still slow. Further reforms are necessary to reduce delays and increase the predictability of processing by the Planning and Building and Safety Departments.

P2.1 Create a Building and Safety check list for all approvals needed for new housing development.

Develop a check list (Department of Building and Safety) for housing development that lists all approvals required, fees to be assessed and the likely time for approval. This checklist would be filled out by an experienced plan checker at an early stage of design. The City must then commit to the listed approvals, fees, and time limits.

P2.2 Guarantee completion of a plan check review within two weeks for affordable housing applicants.

P2.3 Create a case manager program for affordable housing developments in the City Planning Department and the Department of Building and Safety.

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P3 IMPROVE PUBLIC ACCESS TO PLANNING, ZONING AND BUILDING AND SAFETY INFORMATION

Property owners, developers, architects, contractors, real estate brokers, homeseekers and others need to obtain accurate, timely information from City departments. Providing this information to the taxpayers should be a priority of all City departments, but at present, this information is sometimes difficult to obtain, difficult to understand, and not always consistent from one staff person to another or from office to office. Furthermore, despite mandates to reduce traffic congestion and automobile-generated air pollution, crucial information such as zoning is rarely available by phone. Making such information available by phone and on line would eliminate thousands of automobile trips per year. Improvement of training, delivery and quality control of the City's information functions would reduce delays caused by mistakes, contradictions and inaccessibility of needed information.

Some crucial information needed by consumers and the housing and real estate industries is not available at all. Developers need an inventory of vacant land and of parcels suitably zoned for various levels of multifamily housing and communities need to understand both current land use and zoning to effectively participate in neighborhood planning.

P3.1 When the code revision is complete, develop a simple print booklet and online guide to the zoning code for property owners and developers.

P3.2 Make zoning information available on line and by telephone, further reducing the time required for permit processing and plan check.

P3.3 Create an information quality control program.

Ensure accuracy, completeness and uniformity of information provided to the public by creating a quality control system that includes staff training in both the Planning and Building and Safety Departments.

P3.4 Allow payments of approval and other fees over the phone or Internet.

Modernize procedures in the Departments of Planning and Building and Safety to improve public access and the timeliness of response to public requests. Modernization could include a procedure for paying fees by credit card over the phone or the Internet, email responses to inquiries and so on.

P3.5 Digitize existing and approved land use information and make it available on the City's website.

Set up a system to digitize existing and approved land use information by parcel. There are approximately 800,000 parcels in the City of Los Angeles. Satellite technology can

be used as the baseline parcel information. Once complete, put the maps on line.

P3.6 Put the City's inventory of 9,200 City-owned sites on line.

Put the City's inventory of 9,200 City-owned sites on line as soon as the Chief Administrative Officer's (CAO) staff has completed its survey of current land uses on all City-owned sites. Grant preference for purchase of available sites to developers of affordable housing at a reduced rate and expedite the purchase process.

P3.7 Identify and disseminate data about vacant and underutilized land parcel by parcel.

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P4. CREATE GREATER AFFORDABLE HOUSING INCENTIVES

California state law (Government Code Section 65915) requires all cities and counties adopt density bonus ordinances. These ordinances also have to grant additional incentives to housing developers who use the density bonus. An incentive can be reductions in the required number of parking spaces per unit, reduced permit fees or other concessions. Developers are entitled to the density bonus if they agree to make at least 20 percent of the units in a new development affordable to lower income households (60 percent of area median income) or 10 percent of the units affordable to very low-income households (50 percent or less of area median income).

In 1995, in compliance with state law, the Los Angeles City Council enacted the Affordable Housing Incentives Ordinance. In addition to the state-mandated 25 percent density bonus, the ordinance reduces parking requirements and allows fee deferment for developers who incorporate affordable housing units into new developments. The ordinance also allows for the provision of fewer affordable units if they are handicapped accessible and affordable to extremely low-income residents dependent on federal Supplemental Security Insurance (SSI) with an annual income of about \$8,000. Only a few affordable units have been built in response to this ordinance and developers, architects, and housing advocates have commented that additional incentives are necessary to make incorporation of affordable housing into new development financially attractive to developers.

P4.1 Include additional incentives in the City's Affordable Housing Incentives Ordinance.

Broaden the existing Affordable Housing Incentives Ordinance to allow the waiver of a fee that is subject to City discretion, density bonuses up to 50 percent for projects that provide units affordable to households earning 30 percent or less of median income, and other related incentives.

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P5. INCREASE HOME OWNERSHIP OPPORTUNITIES BY PERMITTING THE DEVELOPMENT OF ACCESSORY UNITS

In 1982, the California legislature adopted SB1534 mandating that local governments either enact their own ordinances permitting the construction of second units in single-family neighborhoods or adhere to development standards contained in the state statute. Los Angeles does have an accessory unit ordinance (Sec 12.24 of the Los Angeles Municipal Code), but according to a study conducted at UCLA in 1991, the ordinance is so restrictive that few legal accessory units have been built. Under the current ordinance, only attached accessory units may be built and approval is only by conditional use permit. Accessory units can only be built on lots at least 50 percent larger than the minimum lot size in a particular zone and in no event can the size of these lots be less than 7,500 square feet.

The proliferation of illegally constructed garage units in most City neighborhoods, including affluent areas, is clear evidence that there is a need for accessory units. Accessory units can meet a number of family needs over the course of the life cycle including the provision of housing for family members, rental income to help support an elderly couple or new homeowners, housing for caretakers of young children, disabled elderly family members, or space for a home office. These needs will increase as the City's population ages, and telecommuting and home-based businesses increase.

P5.1 Facilitate the production of accessory units in selected areas.

Modify the existing ordinance governing accessory units to stimulate production of

second units while maintaining the single family character of the neighborhood. To reduce restrictions on accessory units, modify lot size requirements and create a permitting process that allows these units to be developed by right if they are at or below a maximum size. Create a conditional use process for larger units.

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P6. ENSURE THE SAFETY OF RENTERS BY CREATING HABITABILITY STANDARDS AND A LEGALIZATION PROCESS FOR ILLEGAL UNITS

An article published in 1987 in the Los Angeles Times estimated that there may be as many as 42,000 illegal garage units in the City housing about 200,000 persons. These units, which often have faulty wiring, no heat or running water, or other severe deficiencies, pose the danger of fire, carbon monoxide poisoning, hypothermia and other hazards. But the population of the City continues to increase while housing production stagnates and in the absence of other affordable units, property owners continue to create these illegal units and impoverished families continue to rent them. In 1997, after the tragic deaths of eight children and one adult in two separate garage fires, an interdepartmental Garage Housing Task Force, appointed by the City Council, developed a set of alternatives for the garage unit problem that included a hazard reduction program, habitability standards, an interim occupancy program, occupant relocation assistance and a legalization process for the units. At that time the City Council did not adopt most of the recommendations. However, because the illegal garage units continue to be occupied and to pose a hazard to their occupants, it is crucial that the City Council once more consider what to do about existing garage dwellings.

P6.1 Create habitability standards and a process to legalize certain garage units

In order to address the problem of unsafe garage dwellings, adopt habitability standards for existing "garage units" and adopt a program for legalizing these units. Base the legalization program on existing recommendations for legalization of these units or have LAHD prepare additional alternatives. This process would not permit any new garage units.

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P7. ESTABLISH A NEW ENTITY TO PROVIDE ON-GOING EXTERNAL LEADERSHIP TO ADDRESS THE CITY'S HOUSING CRISIS

The City's best intentions will be doomed unless key structural leadership vacuums are addressed: leadership on housing issues both inside and outside City Hall.

P7.1 Create a Leadership Council on Affordable Housing and Economic Vitality.

To build public support for the production of more affordable housing--and to hold City government accountable for its efforts--a new advocacy group outside City government is needed. The Mayor and the City Council should call upon community and business leaders from key sectors of the economy to create a Leadership Council on Affordable Housing and Economic Vitality. The job of the Leadership Council would be to advocate a strong, coordinated response to the housing crisis from both public and private sectors. The Council would also evaluate the City's response to the crisis and set forth recommendations for improved internal coordination of the City response.

The Leadership Council would issue an annual 'report card' evaluating the City's annual accomplishments in reducing the gap between the number of new housing units actually produced and the number of units needed to keep pace with population growth, and in achieving a balance between jobs and housing.

P7.2 Review the role, mandate and authority of the existing Affordable Housing Commission and make recommendations to the Mayor and Council.

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P8. EDUCATE THE PUBLIC ABOUT THE NEED TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING FOR ALL INCOME GROUPS

In order to support the development of more housing for all income groups in the City, it is important to provide models of well designed multi-family housing for a variety of income levels. It is essential to give the public realistic models of well-designed affordable multifamily housing that both enhances neighborhoods and provides more housing.

Among the residents who will most need to understand the design, construction and finance of affordable housing are the members of the six new area planning commissions and the up to 100 new neighborhood councils established by charter reform. The integration of well-designed housing affordable to low and moderate income households may be a crucial task facing these new councils.

P8.1 Design competition for well-designed alternative models of multifamily housing.

Conduct a design competition for alternative models of multifamily housing. The model would demonstrate the feasibility of well-designed multifamily housing projects. These projects would be compatible with surrounding structures and would promote higher property values in the neighborhood. Use this competition as the basis for a technical assistance program that includes off-the-shelf designs. Tie the competition to city-owned lots. Ask the Leadership Council to sponsor the competition and empanel the judges.

P8.2 Design studies for new forms of affordable housing.

Fund design studies to assist in the visualization of smaller versions of single family living style. Include designs for accessory units. Fund and publicize model plans and specifications that can be used by small property owners and general contractors. Create a special unit in the City Planning Department to facilitate the applications of individual homeowners.

P8.3 Educate new area planning commissioners and members of neighborhood councils about the need for affordable housing.

Develop a required education program on affordable housing need, finance and fair share distribution for members of the new area planning commissions and neighborhood councils created by charter reform. Provide technical assistance to neighborhood councils to increase the supply of affordable rental and ownership housing in their communities.

▲ 10/1/01

P10 INTEGRATING AFFORDABLE HOUSING IN MAJOR PROJECTS SUCH AS SCHOOLS, TRANSIT AND COMMERCIAL DEVELOPMENT

The Los Angeles Unified School District is planning to build 150 new schools over the next few years, and the Metropolitan Transit Authority is still trying to implement an ambitious Countywide transit system. New development by large agencies often demolishes older, affordable housing units and while there may be requirements to provide relocation assistance to occupants, there are usually no requirements to replace the housing. Those renters displaced must enter a tight rental housing market with few, low-cost apartments available, except for substandard housing. The City must plan to work closely with other agencies to ensure that affordable housing is integrated into school, transit, and other major development programs.

P9.1 Work with other agencies to include affordable housing in the development of civic projects such as schools, large commercial developments and transit.

The City should aggressively seek and pursue opportunities to add affordable housing as a key component of anticipated new buildings and projects such as schools, transit facilities and commercial and industrial projects, where the needs of residential and nonresidential uses can be made compatible. In order to accomplish this, the City should coordinate with other agencies such as the Los Angeles Unified School District and the Metropolitan Transit Authority. In addition to exploring these opportunities, the City should also develop a better process for anticipating and planning ahead for major changes in land use patterns in the Los Angeles area that could create new opportunities for affordable housing.

▲ 10/1/01

P10 ENVIRONMENTAL SUSTAINABLE DEVELOPMENT AND GREEN BUILDING PRACTICES

Sustainable development approaches (green building techniques, brownfield redevelopment, in-fill, and neighborhood revitalization) are highly effective and proven tools in the effort to make housing truly affordable and healthy. Unfortunately, most of these opportunities have not yet been realized as part of the standard practice of either for-profit or nonprofit housing development. Housing is a key component of any community. Its role as a critical land use should be maximized in efforts to strengthen

existing neighborhoods and improve the local and regional environment. Through training, education, and working to gain the full support of government and industry, sustainable building practices should be made standard practice in all housing developments citywide.

P10.1 Provide incentives to projects that incorporate sustainable building practices.

Provide fee reductions or waivers, expedited processing and/or other incentives for projects that do the following:

P10.1.1 Make more efficient use of sites.

Provide incentives to projects that are developed in an empowerment zone or on a brownfield site, include community gardens or other forms of on-site food production, and/or are an adaptive reuse of an existing building or site.

P10.1.2 Incorporate more efficient energy systems.

Provide incentives to projects that incorporate renewable energy systems such as solar or wind, provide on-site storm water retention, exceed State Title 24 Energy Standard by 20 percent or more, include electric vehicle charging stations, and/or exceed State and City water efficiency requirements through either system design or provision of additional drought tolerant landscaping.

P10.1.3 Emphasize recycling.

Provide incentives to projects that supply superior on-site recycling services such as bins in each unit, commit to a comprehensive demolition and construction recycling program, utilize a minimum of 30 percent of building materials with recycled content, and/or specify non-toxic building materials or utilize only certified lumber products.

P10.2 Eliminate City regulations that hinder sustainable development approach

Remove requirements that parking areas be paved with asphalt or other non-porous surfaces. Allow the installation and use of grey water systems for landscaping in all project types. Modify regulations related to fire walls to allow for a reduction in material use (specifically in townhouse designs where stringent fire rating between first and second levels is redundant). Modify regulations for permitted projects to allow for efficient overhangs on southern and western exposures and to provide light shelves.

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RENTAL HOUSING SUBCOMMITTEE

SUMMARY OF RECOMMENDATIONS

- R1 IMPROVE THE QUALITY OF PUBLIC INFORMATION AT LAHD, AND MAKE IT EASIER FOR THE PUBLIC TO ACCESS
 - R1.1 Develop a user friendly, multilingual LAHD public information telephone system.
 - R1.1.1 Provide adequate staff to reduce wait times to speak to counselors to no more than five minutes.
 - R1.1.2 Develop a staff training program.
 - R1.1.3 Make sure that the public information telephone number is accurately listed with all telephone directories used in Los Angeles
 - R1.1.4 Advertise the public information telephone number.
 - R1.2 Provide up-to-date written information on all LAHD programs.
 - R1.2.1 Submit written materials for review by landlord and tenant groups.
 - R1.2.2 Update the Landlord/Tenant Q & A handbook on the rent stabilization ordinance in English and in Spanish and distribute the revised edition
 - R1.2.3 Update the LAHD rental housing referral information sheet.
 - R1.2.4 Update the LAHD website at least once a month.
- R2 CROSS-TRAIN LAHD STAFF
- R3 DEVELOP A CITYWIDE RELOCATION POLICY AND A SOURCE OF FUNDING TO ASSIST TENANTS WHO MUST VACATE SLUM PROPERTIES

- R3.1 Clarify relocation provisions for slum dwellings and extend to slum dwellings not regulated by the RS
- R3.2 Create a relocation assistance fund.
- R3.2.1 Research programs in other cities, such as Sacramento, that have relocation assistance funds for slum properties that are being vacated.
- R3.3 Prevent homelessness when slum properties are vacated
- R3.3.1 Create a rapid response team for building closures
- R3.4 Create a City relocation loan program
- R3.5 Develop a source of funding for the loan and relocation assistance programs.
- R3.5.1 Track and actively support the development of state legislation to create a relocation assistance fund available to tenants displaced from buildings being vacated due to severe, life-threatening code violations.
- R4 PRESERVE EXISTING AFFORDABLE RENTAL HOUSING STOCK AND REQUIRE AFFORDABLE REPLACEMENT HOUSING UNDER CERTAIN CIRCUMSTANCES
- R4.1 Propose legislation to reduce the time that substandard properties remain on delinquent tax rolls before they can be offered for sale.
- R4.2 Facilitate sale of tax-delinquent properties to owners willing to make them affordable.
- R4.3 Provide tax relief to new owners of tax delinquent properties who agree to make units affordable.
- R4.4 Require bank receivers of slum property to notify the court of serious habitability violations that cannot be addressed without the investment of additional funds.
- R4.5 Develop a replacement policy for demolition of affordable rental housing.
- R4.5.1 Use inclusionary zoning to ensure replacement of demolished affordable units in market rate residential construction.
- R4.6 Monitor development of new schools and civic projects to minimize demolition of affordable housing and require replacement housing for civic projects.
- R5 REVIEW SYSTEMATIC HOUSING CODE ENFORCEMENT AND COMPLAINT DRIVEN PROGRAM
- R5.1 Prepare a status report on the Systematic Code Enforcement Program
- R5.2 Create incentives to retain code enforcement inspectors.
- R5.3 Identify funds to continue the Systematic Code Enforcement Program.
- R6 INCREASE INCENTIVES FOR OWNER INVESTMENT IN AFFORDABLE HOUSING
- R6.1 Encourage private sector lending to rehabilitate slum properties.
- R7 EXPLORE THE CREATION OF A MANDATORY CERTIFICATION PROGRAM FOR RESIDENT MANAGERS
- R8 INCORPORATE THE CREATION AND PRESERVATION OF ACCESSIBLE RENTAL HOUSING FOR THE DISABLED INTO THE CITY'S HOUSING POLICY
- R8.1 Provide funds or loans to property owners who are willing to make 25 percent of their units accessible for those with physical disabilities and to make half of the accessible units affordable to disabled individuals on SSI.
- R8.2 Create a joint effort between the Department on Disability and the Housing Department to provide information on accessible housing in general and in particular, accessible housing affordable to individuals on SSI (Supplemental Security Income).
- R8.2.1 Create a current list of accessible and adaptable units.
- R8.2.2 Include group homes for disabled persons in new programs and in research studies undertaken to prevent loss of units. Ensure that new construction is programmatically and architecturally accessible for people with disabilities.
- R8.2.3 Include relevant legal and nonprofit agencies in joint efforts affecting housing for people with disabilities
- R8.3 Ensure review of accessibility compliance during plan check and new construction building inspection
- R9 ENDORSE EXPANSION OF THE STATE LOW INCOME TAX CREDIT AND LIMIT TO PROJECTS PROVIDING AFFORDABILITY TO POOREST TENANTS
- R10 AGGRESSIVELY LOBBY THE FEDERAL GOVERNMENT FOR ADDITIONAL FUNDING FOR SECTION 8 SUBSIDIES
- R11 CREATE A CITY ATTORNEY POSITION TO WORK FULL TIME WITH THE HOUSING DEPARTMENT TO PURSUE CIVIL REMEDIES TO ENFORCE THE CITY'S RENT STABILIZATION ORDINANCE AND OTHER RELATED ORDINANCES

RECOMMENDATIONS OF THE RENTAL HOUSING WORKGROUP

Introduction

The City's stock of older rental housing is its most affordable housing. Most rental units built prior to 1979 are subject to the Rent Stabilization Ordinance. While the majority of owners are responsible and most buildings are relatively well maintained, there are also a number of slum dwellings in the City and in some cases these properties are so dangerous to the tenants that the buildings have to be vacated. The Rent Stabilization Ordinance requires that owners pay for tenant relocation under such circumstances but the ordinance needs to be clarified. No such protection is provided for tenants of buildings constructed after 1979 and not under the jurisdiction of rent stabilization. This inequity should be rectified since the harm to tenants of slum dwellings is the same regardless of the regulatory status of the building. In fact, the City needs a citywide relocation policy to govern relocation of tenants when slum buildings are vacated by the City.

Even when tenants are eligible for and entitled to relocation benefits and other civil remedies provided for under City, state and federal laws, they often find it impossible to collect the benefits. A deputy City Attorney position should be dedicated to pursuing civil redress and remedies, including collection of relocation benefits, in order to enforce the Rent Stabilization, Housing Code and other applicable ordinances and laws.

Because older rental units are more affordable than newly constructed housing, the demolition of existing units reduces the supply of housing affordable to the City's low and moderate income families at a time when such units are already in short supply. Los Angeles is nearly built out with little vacant land and most new construction requires the demolition of existing structures. During the last decade, one unit was demolished for every four units built, a loss of 12,500 units. Over the next few years, the rate of demolition may accelerate as the Los Angeles Unified School District seeks sites for 11 new schools and the booming economy stimulates large scale commercial developments. Replacement of affordable housing should be required when such units are demolished for civic projects such as schools and for large commercial and entertainment centers.

In order to address these and other problems and take advantage of the City's housing services, residents need information from the City. The Los Angeles Housing Department provides telephone information to the public about its many programs. These programs include rent stabilization, code enforcement, loan programs for single and multi-family housing, home ownership, meetings and other matters. This information service is important to the public, in many cases residents are seeking assistance that may be vital to their well-being. The public information service should be well organized, accurate and easy to use. It should also be multilingual. The housing staff should be well trained to answer the public's questions. Unfortunately, the quality of the current system ranges from adequate to extremely poor. This not only frustrates callers and deprives them of needed assistance, but it also impedes the ability of the Housing Department to effectively deliver its programs.

Nor should training be limited to City employees. Resident managers in private rental housing are responsible for many of the important operations of rental housing. Yet these managers often know nothing about health and safety codes, fair housing laws, rent stabilization, legal notification requirements and other aspects of the landlord-tenant relationship. A training and certification program for resident managers would go a long way toward ensuring that the City's rental housing is well managed.

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R1: IMPROVE THE QUALITY OF PUBLIC INFORMATION AT LAHD AND MAKE IT EASIER FOR THE PUBLIC TO ACCESS

Currently, each Los Angeles Housing Department (LAHD) program has a different telephone number for public information and the quality of information available varies from adequate to extremely poor. None has a voice menu selection for general information, requiring wait times to speak to a counselor that can exceed 15 minutes, the caller often being disconnected before reaching anyone. Some telephone information numbers have messages with wrong information and are in English only (this is a particular problem with the Rent Hotline).

R1.1 Develop a user friendly, multilingual LAHD public information telephone system.

Develop a user-friendly multilingual public information telephone system for LAHD programs and services that the public can access by dialing a single telephone number.

This line should have menu choices for rent stabilization, registration, code enforcement loan programs, home ownership, REAP, the LAHD web site, upcoming meetings, etc., and an option to connect to a counselor for additional information in English or Spanish

R1.1.1 Provide adequate staff to reduce wait times to speak to counselors to no more than five minutes.

R1.1.2 Develop a staff training program.

Develop a staff training program to ensure that callers receive accurate information and/or develop an internal system in which callers can be quickly and easily referred to a recorded message or specialist for their particular issue.

R1.1.3 Make sure that the public information telephone number is accurately listed in all telephone directories used in Los Angeles.

R1.1.4 Advertise the public information telephone number.

Conduct a multilingual advertising campaign to publicize the public information telephone number. At a minimum, use radio public service announcements (PSAs), billboards, posters, and regular newspaper advertisements. Investigate other methods to notify tenants of the public information hotline.

R1.2 Provide up-to-date written information on all LAHD programs.

Provide and systematically update written information on all LAHD programs and regularly distribute specified information to public locations, including all libraries, government offices, tenant, apartment owner, and real estate groups, fair housing agencies, and other relevant locations. Make sure all literature is available in English and Spanish and investigate the need for other languages (Korean, Mandarin or Cantonese, Armenian, Russian, Cambodian, Vietnamese, etc.).

R1.2.1 Submit written materials for review by landlord and tenant groups.

Before distributing new or updated public education literature, ask tenant and landlord groups (or other relevant sources) to review literature to make sure it is in an easy-to-read format, is appropriate for the population it hopes to educate, and is easy to understand.

R1.2.2 Update the Landlord/Tenant Q & A handbook on the rent stabilization ordinance in English and in Spanish and distribute the revised edition.

R1.2.3 Update the LAHD rental housing referral information sheet.

The LAHD rental housing referral information sheet contains addresses, telephone numbers, and service descriptions of legal aid offices, apartment owner associations, municipal and small claims courts, fair housing, low income housing, etc. It must be regularly updated.

R1.2.4 Update the LAHD web site at least once a month.

Include major documents on the website such as the Rent Stabilization Ordinance (RSO), Notices of Funding Availability (NOFAs), etc. Coordinate telephone information menus with the web site format.

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N2. CROSS-TRAIN LAHD STAFF

Develop a curriculum and cross-train all staff and LAHD contractors involved in rental housing (Code Enforcement, Rent, Rent Escrow Account Program (REAP), Rent Reduction Program (RRP), Utility Maintenance Program (UMP), Urgent Repair Program (URP), etc.) to ensure accurate knowledge of laws and regulations, since their work often overlaps. Bring in outside experts to cover relevant topics such as non-RSO landlord/tenant law, fair housing laws, and the Americans with Disabilities Act (ADA).

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R3. DEVELOP A CITYWIDE RELOCATION POLICY AND A SOURCE OF FUNDING TO ASSIST TENANTS WHO MUST VACATE SLUM PROPERTIES

R3.1 Clarify relocation provisions for slum dwellings and extend to slum dwellings not regulated by the RSO.

Clarify the current requirements of the RSO for owner-provided relocation assistance to tenants when a building is vacated by the City due to slum conditions. Extend the obligation to pay relocation assistance to non-RSO slum properties being vacated by t