

**F – Los Angeles Housing Department's Replacement Unit
Determination Letter dated September 19, 2022.**

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LOS ANGELES HOUSING DEPARTMENT

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DATE: September 19, 2022

TO: Michael Eghbali, a Married Man, as his sole and separate property, as to an undivided 80% interest and Farshad Zaghi, a Married Man, as his sole and separate property, as to an undivided 20% interest, Owner

FROM: Marites Cunanan, Senior Management Analyst II 
Los Angeles Housing Department

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SUBJECT: **Housing Crisis Act of 2019 (SB 8)
(TOC) Replacement Unit Determination
RE: 5271 – 5277 West Sunset Boulevard, Los Angeles, CA 90027**

Based on the SB 8 Application for a Replacement Unit Determination (RUD) submitted by Michael Eghbali, a Married Man, as his sole and separate property, as to an undivided 80% interest and Farshad Zaghi, a Married Man, as his sole and separate property, as to an undivided 20% interest (Owner) for the property located at 5271 – 5277 W. Sunset Blvd. (APN 5544-017-021, Lot 36) (Property), the Los Angeles Housing Department (LAHD) has made the following determination in regards to the above-referenced application. Four (4) units exists/existed on the property within the last five (5) years. Four (4) Rent Stabilization Ordinance (RSO) units are subject to replacement pursuant to the requirements of California Government Code Section 66300, as "protected units" with four (4) of the four (4) units, subject to replacement as affordable "protected units".

PROJECT SITE REQUIREMENTS:

The Housing Crisis Act of 2019, as amended by SB 8 (California Government Code Section 66300 et seq.), prohibits the approval of any proposed housing development project ("Project") on a site ("Property") that will require demolition of existing dwelling units or occupied or vacant "Protected Units" unless the Project replaces those units as specified below. The replacement requirements below apply to the following projects:

- Discretionary Housing Development Projects that receive a final approval from Los Angeles City Planning (LACP) on or after January 1, 2022,
- Ministerial On-Menu Density Bonus, SB 35 and AB 2162 Housing Development Projects that submit an application to LACP on or after January 1, 2022, and
- Ministerial Housing Development Projects that submit a complete set of plans to the Los Angeles Department of Building & Safety (LADBS) for Plan Check and permit on or after January 1, 2022.

Replacement of Existing Dwelling Units

The Project shall provide at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the Property within the past 5 years.

Replacement of Existing or Demolished Protected Units

The Project must also replace all existing or demolished "Protected Units". Protected Units are those residential dwelling units on the Property that are, or were, within the 5 years prior to the owner's application for a SB 8 Replacement Unit Determination (SB 8 RUD): (1) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, (2) subject to any form of rent or price control through a public entity's valid exercise of its police power within the 5 past years (3) occupied by lower or very low income households (an affordable Protected Unit), or (4) that were withdrawn from rent or lease per the Ellis Act, within the past 10 years.

Whether a unit qualifies as an affordable Protected Unit, is primarily measured by the INCOME level of the occupants (i.e. W-2 forms, tax return, pay stubs, etc.). The Los Angeles Housing Department (LAHD) will send requests for information to each occupant of the existing project. Requests for information can take two (2) or more weeks to be returned. It is the owner's responsibility to work with the occupants to ensure that the requested information is timely produced.

- ***In the absence of occupant income documentation:*** Affordability will default to the percentage of extremely low, very low or low income renters in the jurisdiction as shown in the latest HUD Comprehensive Housing Affordability Strategy (CHAS) database, which as of October 1, 2021, is at 28% extremely low income, 18% very low income and 18% low income for Transit Oriented Communities (TOC) projects and 46% very low income and 18% low income for Density Bonus projects. In the absence of specific entitlements, the affordability will default to 46% very low income and 18% low income. The remaining 36% of the units are presumed above-low income. All replacement calculations resulting in fractional units shall be rounded up to the next whole number.

Replacement of Protected Units Subject to the Rent Stabilization Ordinance (RSO), Last Occupied by Persons or Families at Moderate Income or Above

The City has the option to require that the Project provide: (1) replacement units affordable to low income households for a period of 55 years (rental units subject to a recorded covenant), OR (2) require the units to be replaced in compliance with the RSO.

Relocation, Right to Return, Right to Remain:

All occupants of Protected Units (as defined in California Government Code Section 66300(d)(2)(F)(vi)) being displaced by the Project have the right to remain in their units until six (6) months before the start of construction activities with proper notice subject to Chapter 16 (Relocation Assistance) of Division 7, Title I of the California Government Code ("Chapter 16"). However, all **Lower Income Household** (as defined in California Health and Safety Code Section 50079.5) occupants of Protected Units are **also** entitled to: (a) Relocation benefits also subject to Chapter 16, and (b) the right of first refusal ("Right to Return") to a comparable unit (same bedroom type) at the completed Project. If at the time of lease up or sale (if applicable) of a comparable unit, a returning occupant remains income eligible for an "affordable rent" (as defined in California Health and Safety Code Section 50053) or if for sale, an "affordable housing cost" (as defined in California Health and Safety Code Section 50052.5), owner must also provide the comparable unit at the "affordable rent" or "affordable housing cost", as applicable. This provision does not apply to: (1) a Project that consists of a Single Family Dwelling Unit on a site where a Single Family Dwelling unit is demolished, and (2) a Project that consists of 100% lower income units except Manager's Unit.

THE PROPOSED HOUSING DEVELOPMENT PROJECT:

Per the statement received by LAHD on June 28, 2022, the Owner plans to demolish the existing four (4)-unit building and construct a new nineteen (19)-unit project on the Property pursuant to additional incentives from the Department of City Planning (DCP) under Transit Oriented Communities (TOC) Guidelines.

PROPERTY STATUS (AKA THE "PROJECT SITE"):

Owner submitted an Application for a RUD for the Property on June 28, 2022. In order to comply with the required **five (5)-year** lookback period, LAHD collected and reviewed data from June 2017 to June 2022.

Review of Documents:

Pursuant to the Grant Deed, the Owner acquired the Property on January 21, 2022.

Department of City Planning (ZIMAS), County Assessor Parcel Information (LUPAMS), DataTree database, Billing Information Management System (BIMS) database, and the Code, Compliance, and Rent Information System (CRIS) database, indicates a use code of "0400 - Residential - Four Units (Any Combination)" for the Property (APN 5544-017-021, Lot 36).

Google Earth, Google Street View, and an Internet Search confirm that the Property contains a two (2)-story apartment building that supports four (4) residential dwellings.

The Los Angeles Department of Building and Safety (LADBS) database indicates that the Owner has not applied for a Demolition Permit or a Building Permit Application.

REPLACEMENT UNIT DETERMINATION:

The Existing Residential Dwelling Units at the Property within the last five (5) years:

ADDRESS	BEDROOM TYPE	"PROTECTED?"	BASIS OF "PROTECTED" STATUS
5271 W. Sunset Blvd.	2 Bedrooms	Yes	RSO Unit
5273 W. Sunset Blvd.	2 Bedrooms	Yes	RSO Unit
5275 W. Sunset Blvd.	2 Bedrooms	Yes	RSO Unit
5277 W. Sunset Blvd.	2 Bedrooms	Yes	RSO Unit
Total: 4 Units			

On July 26, 2022, tenant letter packages were sent to all four (4) units on the Property most commonly known as 5271 – 5277 W. Sunset Blvd.

On August 8, 2022, the tenant's statement for 5273 W. Sunset Blvd. were received along with the requested tax returns, pay stubs, and lease agreement verifying income and residency at the address starting at least in June 2021. Research and submitted documents show that there are tenants residing in 5273 W. Sunset Blvd. After reviewing the documents, LAHD has determined that 5273 W. Sunset Blvd. is considered a Low Income affordable unit within the five (5)-year lookback period.

On August 10, 2022, the tenant's statement for 5275 W. Sunset Blvd. were received along with the requested tax returns, pay stubs, and lease verifying income and residency at the address at least since 2017. Research and submitted documents show that there are tenants residing in 5275 W. Sunset Blvd. After reviewing the documents, LAHD has determined that 5275 W. Sunset Blvd. is considered an Extremely Low Income affordable unit within the five (5)-year lookback period.

No income documents were provided for the remaining units. Pursuant to (SB 8), where incomes of existing or former tenants are unknown, the required percentage of affordability is determined by the percentage of extremely low, very low, and low income rents in the jurisdiction as shown in the HUD Comprehensive Housing Affordability Strategy (CHAS) database. At present, the Comprehensive Housing Affordability Strategy (CHAS) database shows 28% extremely low income, 18% very low income and 18% low income for Transit Oriented Communities (TOC) projects and 46% very low income and 18% low income for Density Bonus projects. The remaining 36% of the units are presumed above-low income.

Number of Existing Protected Units within five (5) years of Owner's application:		4
Number of Protected Units Ellised within the last (10) years:		0
Number of Affordable Replacement Units required per CHAS:		2
2 Units x 64%	2 Units	
28% Extremely Low	1 Unit	
18% Very Low	1 Unit	
18% Low	0 Unit	
Market Rate RSO units	0 Unit	
Number of Affordable Replacement Units per tenant income verification (Low Income):		1
5273 W. Sunset Blvd.		
Number of Affordable Replacement Units per tenant income verification (Extremely Low Income):		1
5275 W. Sunset Blvd.		
Number of Unit(s) presumed to be above-lower income subject to replacement:		0

For Rental:

Income verification documents were provided for two (2) units at the Property. The unit at 5273 W. Sunset Blvd. was verified to be a Low Income affordable unit within the last five (5) years, and the unit at 5275 W. Sunset Blvd. was verified to be an Extremely Low Income affordable unit within the last five (5) years. Per income verification, two (2) units need to be replaced with equivalent type, with one (1) unit restricted to Extremely Low Income Households and one (1) unit restricted to Low Income Households.

No income documents were provided for remaining two (2) units. Pursuant to CHAS, two (2) units need to be replaced with equivalent type, with one (1) unit restricted to Extremely Low Income Households and one (1) unit restricted to Very Low Income Households.

Vacancy/Occupancy of Units:

Per the Owner's statement, all four (4) units were occupied at the time of the application. No income documents were provided for the two (2) unit(s) located at 5271 W. Sunset Blvd. and 5277 W. Sunset Blvd., therefore LAHD cannot verify that those units are currently occupied by a lower-income household.

Unless tenant income verification documents prove the unit(s) was/were occupied by a lower income or below lower income household(s) at the time of application, the bedroom size of the existing units and the proportionality of the bedroom sizes of the new units, whichever is more restrictive will be considered to determine the bedroom types of the replacement units.

Please note that all the new units may be subject to RSO requirements unless the RSO is not applicable, or an RSO Exemption is filed and approved by the RSO Section. This determination is provisional and subject to verification by the RSO Section.

This RUD only applies if the proposed project is a rental TOC project and NOT condominiums. In the event the project changes to condominiums, the owner needs to request a RUD amendment to reflect 100% replacement of the units. In addition, if the project is changed from TOC to Density Bonus, a RUD amendment will also be required.

NOTE: This determination is provisional and is subject to verification by LAHD's Rent Division.

If you have any questions about this RUD, please contact Jessica Wang at jessica.wang@lacity.org.

cc: Los Angeles Housing Department File
Planning.PARP@lacity.org, Department of City Planning for discretionary projects, or
LADBS.ahs@lacity.org, Department of Building and Safety for by-right projects

MAC:jw