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Honorable Members of the City Council
City of Los Angeles
c/o the City Clerk, City Hall
200 N. Spring Street, Room 395
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COUNCIL TRANSMITTAL: REPORT ON FEE STUDY AND RECOMMENDATIONS TO ADMINISTER JUST CAUSE EVICTION AND EXPANDED TENANT PROTECTIONS FOR TENANTS CITYWIDE

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests approval to amend the Just Cause for Eviction Ordinance, requiring landlords of residential rental units not regulated by the Rent Stabilization Ordinance (RSO) to pay an annual fee to fund and provide services necessary to administer and enforce Just Cause eviction protections and related ordinances. In this report LAHD provides recommendations for the necessary staffing resources and supporting fee structure to administer and enforce the Just Cause for Eviction and related expanded tenant protection ordinances for rental units not subject to the RSO.

The City has adopted an ambitious array of tenant protections to ensure the safety and stability of the City's predominantly renter population. For these programs and ordinances to be effective, the City must provide the necessary resources to administer and enforce them. LAHD recommends approval of the fee structure and staff positions in this report to ensure the effectiveness of the Just Cause and related tenant protections.

RECOMMENDATIONS

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

- 1) RECEIVE and FILE the fee study for additional tenant protections from BAE Urban Economics.
- 2) APPROVE the implementation of a phased-in enforcement program of the Just Cause for Evictions and related expanded tenant protections ordinances previously adopted by the City Council for non-RSO residential rental units.
- 3) REQUEST the City Attorney, with the assistance of LAHD, to draft an ordinance amending Article 5 of Chapter XVI of the Los Angeles Municipal Code (LAMC) to:
 - a) Establish an annual Just Cause Enforcement Fee of \$27.23 per unit to be paid on an annual basis by owners of rental units not subject to the RSO, together with a penalty assessment of 150% of the fee if not paid within 60 days of the due date, in alignment with LAMC Sec. 151.15. The fee

shall be due on the first day of January of each year and late if received after the last day of February, except that LAHD shall establish the due date in 2024 and allow for a 60-day grace period. Interest earned from the Just Cause Enforcement fee shall be retained within the account established for this fee.

- b) Provide that no landlord shall demand or accept rent for a rental unit without first procuring and serving on the tenant or displaying in a conspicuous place a valid written registration statement from LAHD or its designee.
- 4) AUTHORIZE by resolution authority the following 63 positions; 38 in Fiscal Year 2024-25, 13 in Fiscal Year 2025-26 and 13 in Fiscal Year 2026-27 to implement, administer, and enforce landlord-tenant programs for non-RSO residential housing rental units, subject to allocation of the positions by the Board of Civil Service Commissioners and subject to pay grade determination by the City Administrative Officer (CAO), and authorize the filling of these positions:

Class Code	Class Title	No. of Positions
8516-2	Housing Investigator II	2
8516-1	Housing Investigator I	8
9184-0	Management Analyst	2
1539-0	Management Assistant	2
1461-2	Communications Information Representative II	4
1368-0	Senior Administrative Clerk	3
1358-0	Administrative Clerk	17
Fiscal Year 2024-25 Total		38

Class Code	Class Title	No. of Positions
8516-1	Housing Investigator I	2
9184-0	Management Analyst	4
1539-0	Management Assistant	-1 ¹
1461-2	Communications Information Representative II	2
1368-0	Senior Administrative Clerk	1
1358-0	Administrative Clerk	4
Fiscal Year 2025-26 Total		13

¹ Delete one (1) Management Assistant position in FY 2025-26, which will reduce the total number of positions from FY 2024-25 to 37.

Class Code	Class Title	No. of Positions
8516-1	Housing Investigator I	5
9184-0	Management Analyst	1
1539-0	Management Assistant	1
1461-2	Communications Information Representative II	2
1368-0	Senior Administrative Clerk	1
1358-0	Administrative Clerk	3
Fiscal Year 2026-27 Total		13

5) AUTHORIZE the City Controller to:

- a) Establish a new interest-bearing fund entitled “Just Cause Enforcement Fee” for the receipt, retention and disbursement of Just Cause for Eviction Ordinance funds, to be administered by LAHD.
- b) Establish a new appropriation Account No. 43AD21 - Just Cause Administration within the Systematic Code Enforcement Fee Fund No. 41M/43.
- c) Transfer \$2,799,575 from Account No. 43A411 - Unallocated to Account No. 43AD21 - Just Cause Administration within the Systematic Code Enforcement Fee Fund No. 41M/43
- d) Transfer \$2,799,575 from Account No. 43AD21 - Just Cause Administration to the following accounts within the Systematic Code Enforcement Fee Fund No. 41M/43, which will be reimbursed to the Systematic Code Enforcement Fee Fund No. 41M/43 by the Just Cause Enforcement Fee funding.

Account No.	Account Title	Amount
43A143	Housing Department	\$1,798,321
43A299	Reimburse to the General Fund	\$1,001,254
Total		\$2,799,575

- e) Increase appropriations for the following accounts within the LAHD Fund 100/43:

Account No.	Account Title	Amount
001010	Salaries General	\$1,563,757
006030	Leasing	\$ 234,564
Total		\$1,798,321

- f) Expend funds not to exceed \$2,799,575 upon proper written demand of the LAHD General Manager, or designee.
- 6) AUTHORIZE the General Manager of LAHD, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the City Administrative Officer, and instruct the Controller to implement the instructions.

BACKGROUND

On January 27, 2023, Ordinance No. 187737, the Just Cause Evictions Protections Ordinance, went into effect, providing eviction protections under City law to all non-RSO residential rental units for the first time. The Just Cause Evictions Protections Ordinance:

- a) Regulates evictions on all non-RSO multi-family rental units; as well as rentals in single-family homes and condominiums;
- b) Requires relocation assistance for all “No-Fault” evictions and the filing of Landlord Declarations of Intent to Evict with LAHD for all “no-Fault” evictions;
- c) Requires written notification by landlords to inform tenants of their rights at the onset of a tenancy and the posting of a Tenant Protections Notification in a common area of the rental property in the format prescribed by LAHD;
- d) Limits evictions for the purpose of installation of a resident manager; and
- e) Requires landlords to file notices to terminate tenancies from RSO and non- RSO multi-family rental units, single-family homes, and condominiums with LAHD.

Ordinance No. 188108 became effective February 5, 2024, prohibiting evictions due to unauthorized pets acquired due to the conditions of the pandemic in any rental unit.

On March 27, 2023, two additional ordinances expanding tenant protections became effective:

- Ordinance No. 187763, the Eviction Threshold Ordinance, which prevents landlords from evicting tenants for non-payment of rent if the rental arrears owed is less than the amount for one month’s fair market rent (FMR) for the size of the tenant’s rental unit.
- Ordinance No.187764, the Economic Displacement Ordinance, which requires landlords who raise a tenant’s (non-regulated) rent more than 10% to pay relocation assistance to enable the tenant to relocate.

Timely adoption of permanent, expanded tenant protections was necessary to protect the City’s most vulnerable tenants as the COVID-19 tenant protections were lifted in 2023, to prevent evictions and displacement as City residents recovered from the economic impact of the pandemic. Ultimately, the City Council approved the ordinances enumerated above and extended the moratorium on evictions for rental arrears and unauthorized pets and additional tenants until February 1, 2024. Subsequently, the City Council approved a long-term eviction moratorium for tenants who had acquired pets during the pandemic and notified their landlords by March 5, 2024.

These expanded tenant protections followed the adoption of the City’s Tenant Anti-Harassment Ordinance (“TAHO” Ordinance No. 187109), effective August 6, 2021, which applies to all residential rental housing units in the City, regardless of RSO status. At the time of the adoption of the TAHO ordinance, no fee nor staff were

approved. Subsequently, four staff positions were approved in the FY 2022-23 budget, but no additional funding was approved to pay for these positions.

LAHD was authorized to execute a contract with BAE Urban Economics to conduct a study of staffing resources and cost recovery needed for enforcement of the expanded eviction protections and tenant anti-harassment programs, enhanced relocation assistance, and implementation of an eviction filing system (C.F. 21-0042-S3). The firm of BAE Urban Economics was recommended and selected as the most efficient entity to perform this study due to their prior work conducting the 2021 SCEP fee study as well as the 2019 RSO Fee Study, which had previously examined the projected costs of the expanded eviction protections including the Just Cause, Eviction Defense, and TAHO programs. BAE's analysis of the fees needed to administer and enforce the suite of tenant protections ordinances for non-RSO units is attached to this report.

During and since the COVID-19 pandemic, the City adopted an ambitious array of new tenant protections to ensure the safety and stability of the City's predominantly renter population of 1.5 million households. For these programs and ordinances to be effective, the City must provide the necessary resources to administer and enforce them. LAHD recommends that the City Council approve an annual fee of \$27.23 per residential rental unit not subject to the RSO, to be billed and collected upon approval by the Mayor and Council. Beginning in 2025, the fee shall be due on the first day of January of each year and late if received after the last day of February. LAHD shall establish the due date in 2024, upon approval of the new ordinance. Interest earned from the Just Cause Enforcement fee shall be retained within the account established for this fee.

DISCUSSION

The Los Angeles Housing Department (LAHD) is proposing to provide a suite of services (Just Cause and Expanded Tenant Protections) in conjunction with enforcing the provisions of the TAHO and Just Cause ordinances as well as additional tenant protections adopted upon the lifting of the COVID-19 pandemic tenant protections in 2023:

- Ordinance No. 187737 – Just Cause for Eviction Ordinance
- Ordinance No. 187763 – Eviction Threshold Ordinance
- Ordinance No. 187764 – Economic Displacement Ordinance
- Ordinance No. 188108 – Extension of Protections for Tenants with Unauthorized Pets
Necessitated by COVID-19 Ordinance

In 2024-25, the additional housing units to be covered by the Additional Tenant Protections total 381,173 rental units comprised of the following:

Rental Type	Number of Units
Multifamily rental units constructed in 1979 or later	254,974
Rented condominium units constructed in 1979 or later	30,451
Rented single-family homes of any age	95,748
Total	381,173

Services for administration and enforcement of the RSO are paid for through the annual RSO rental unit registration fee of \$38.75 per unit per year, rather than the General Fund. However, currently, landlords and

tenants of non-RSO residential units do not pay for LAHD's costs associated with providing landlord-tenant services, administration, or enforcement of the Just Cause and related tenant protections ordinances. Thus, it is necessary to identify a new funding source for this inventory of 381,173 newly regulated rental units.

Just Cause Expanded Eviction Protections for Non-RSO Rental Units

To address gaps in eviction protections for non-RSO units and provide a basic level of tenant protections, the City Council adopted the Just Cause Evictions Protections Ordinance (Ordinance No. 187737) which became effective January 27, 2023. The ordinance applies to approximately 381,173 rental housing units not regulated under the Rent Stabilization Ordinance, limiting allowable reasons for eviction to the legal reasons enumerated in the ordinance, requiring relocation assistance, tenant notification, and mandatory eviction filings for no-fault evictions. For comparison, the RSO regulates approximately 651,000 rental units. The inventory of regulated rental housing increased by 59% upon the adoption of the TAHO, Just Cause, and related tenant protections ordinances. By FY 2026-27, this inventory is projected to rise to 390,920 previously unregulated rental units (60%).

Application to Rentals of Single-Family Homes

The renter protections in the City's COVID-19 emergency ordinances applied to all rentals in the City, including rentals of single-family homes. Tenant representatives advocated for the permanent expansion of eviction protections to all rentals, including single-family homes. LAHD recommended expanding eviction protections to multi-family rental properties with 2 or more dwelling units, as well as limited application to rentals in corporate-owned single-family homes, in accordance with the application of renters' protections in California Civil Code 1947.12 (the Tenant Protections Act of 2019), in part because rentals by corporations rather than private property owners were more likely operated by profit driven investors and, therefore, pose greater potential for abuse and need for oversight. LAHD also noted that the City had never previously regulated rentals in single-family dwellings, and there are no staff resources, nor a funding source for services for renters of single-family dwellings. LAHD did not recommend an expansion of the regulation of non-corporate single-family rentals. However, in line with the protections in the 2021 TAHO ordinance, the City Council determined to maximize tenant protections for all renters citywide including renters of previously exempt single-family dwellings. The Study estimated that there are an estimated 95,748 rented single-family homes citywide. There is currently no funding source to provide services for just cause eviction, or relocation assistance services and related tenant protections for this segment of the residential rental market.

Assessment of Program Costs

Due to the implementation of the various ordinances described above, it is necessary to identify the staff, systems, outreach, and other resources needed to implement the new laws expanding tenant protections to non-RSO residential rental units. LAHD contracted with BAE Urban Economics to prepare an analysis of the staff resources and fees necessary to implement and enforce citywide eviction protections against arbitrary evictions for all residential renters. BAE evaluated the costs and necessary fees for cost recovery for three enforcement levels (Minimum, Medium, and Full) for a three-year period - Fiscal Years (FY) 2024-25, 2025-26, and 2026-27. The actual enforcement level to be provided by LAHD is subject to direction from the Los Angeles City Council. LAHD recommends a phased-in approach with enforcement for all multi-family units in 2024 (minimum enforcement) and full enforcement for all rental units, including single-family dwellings, beginning in 2026.

The proposed fee will be charged on an annual basis to property owners of residential rental housing units not already covered by the RSO, to offset the direct and indirect costs of providing landlord-tenant services, including

the hiring of additional staff necessary to meet the demands of enforcement of new rental protections for approximately 254,974 - 381,173 housing newly covered rental units, representing an increase of 39% to 59% in rental units requiring services in FY 2024-25.

The LAHD will need to hire new staff to administer and enforce the Just Cause tenant protections ordinances for the newly covered housing units. The fee calculation methodology utilized a projection of the numbers and types of staff required to provide the services to covered units under each of the different enforcement levels.

The fee study identified total program costs on an average cost per unit basis for FY 2024-25, then inflated all costs by an annual inflation factor to project costs during the two following fiscal years. These costs are then averaged over the three-fiscal year period to obtain an average cost per covered housing unit during the three-fiscal year period.

Estimated Covered Rental Units

The number of covered housing units is a key driver of LAHD's workload and staffing requirements for administering the Just Cause Tenant Protections services. The estimated number of existing newly regulated housing units ranges between approximately 254,974 - 381,173 housing units for the Minimum and Full enforcement scenarios in FY 2024-25, increasing to 262,693 - 390,920 in FY 2026-27. Projected growth in the housing units to be covered through the FY 2026-27 fiscal year was estimated through a combination of publicly available data (from the U.S. Census Bureau, American Community Survey) and from LAHD's database (i.e., units currently included in the RSO registry). Between 2020 and 2023, the Los Angeles City housing stock increased at a rate of 1.1 percent per year (faster than the growth rate of only 0.67 percent for the County of Los Angeles as a whole). The Study applied a 1.5 percent annual growth rate to rented multifamily and condominium housing and a 0.58 percent growth rate to rented single-family residential units, both corporately-owned and individually-owned.

Table 1: Estimated Newly Covered Housing Units, FY 2023-24 to FY 2026-27

Base Year (FY 2023/24) (a)			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units	251,200	251,200	251,200
Post-1978 Rented Condos	-	30,000	30,000
Rented SFD Units			
Corporate-Owned	-	9,600	9,600
Individually-Owned	-	-	85,600
Total Newly Covered Units	251,200	290,800	376,400

FY 2024/25			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	254,974	254,974	254,974
Post-1978 Rented Condos (c)	-	30,451	30,451
Rented SFD Units (d)			
Corporate-Owned	-	9,655	9,655
Individually-Owned	-	-	86,093
Total Newly Covered Units	254,974	295,080	381,173

FY 2025/26			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	258,805	258,805	258,805
Post-1978 Rented Condos (c)	-	30,908	30,908
Rented SFD Units (d)			
Corporate-Owned	-	9,711	9,711
Individually-Owned	-	-	86,589
Total Newly Covered Units	258,805	299,424	386,013

FY 2026/27			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	262,693	262,693	262,693
Post-1978 Rented Condos (c)	-	31,373	31,373
Rented SFD Units (d)			
Corporate-Owned	-	9,767	9,767
Individually-Owned	-	-	87,088
Total Newly Covered Units	262,693	303,832	390,920

Three potential levels of enforcement were studied:

- Minimum enforcement would provide staffing and investigation services only for non-RSO multifamily units, estimated at 254,974 units in FY 2024-25, increasing to 262,693 rental units by FY 2026-27. Under this scenario, LAHD would not provide services for renters of single-family rentals nor post-1978 condominiums.
- Medium enforcement would include all multi-family units as well as rented corporate owned single-family homes and condominiums, estimated at an additional 40,106 units, projected to increase to 41,140 additional units in FY 2026-27. These units are regulated under the City's TAHO, Just Cause

Evictions Protections and related ordinances, as well as limited protections against rent gouging under the California Tenant Protections Act of 2019. Staff would provide outreach, education, referrals, investigations of violations, and referrals of non-compliance with City ordinances to the City Attorney.

- Full enforcement would require sufficient staffing for services for all non-RSO rental units, currently comprising 381,173 units, including rentals of both corporate-owned and privately-owned condominiums and single-family homes projected to increase to 390,920 units by FY 2026-27.

Additional Just Cause Tenant Protections Staff by Position, by Enforcement Level

Services for expanded tenant protections to be funded by the new fees include investigation and enforcement of Just Cause for Eviction Protections (Ordinance No.187737), Eviction Threshold (Ordinance No.187763), Economic Displacement (Ordinance No.187764) and COVID Pet Amnesty (Ordinance No. 188108); investigations of illegal rent increases under the Tenant Protections Act of 2019 (AB 1482); and administration of the Eviction Filing Notification system and related tenant outreach. The House LA Fund, established by the United to House LA (ULA) Measure, is expected to provide funding to enforce the Tenant Anti-Harassment ordinance. However, to the extent that funding provided by ULA is insufficient or the City does not prevail in the current litigation or ballot measure challenging the Measure, the Just Cause Enforcement fee would also pay for resources to enforce the Tenant Anti-Harassment ordinance for tenants in non-RSO units. To provide these services, LAHD will perform numerous functions, including expanded services through the LAHD telephone Hotline and Customer Service counters, determination of property status of units (i.e., covered/uncovered for specific protections), registration of covered rental units and rent levels, evictions filing and tracking, investigations of tenant complaints regarding violations of the tenant protections, and various appeals hearings before a Hearing Officer and the Rent Adjustment Commission (RAC). LAHD must conduct outreach, intake complaints, conduct investigations, and carry out enforcement actions, including referrals to the City Attorney, necessary to ensure compliance with the Just Cause tenant protections ordinances.

The estimated staffing requirements are based on LAHD's experience providing similar services for housing units covered by the RSO and are a function of the number of newly covered housing units and the level of enforcement, based on LAHD's experience providing similar services to units covered by the City's RSO. In addition to the direct staffing costs (i.e., employee salaries), the projected Just Cause Tenant Protections fee includes indirect departmental and citywide administrative and overhead costs as well as direct administrative costs (e.g., software systems and contracted services, mailing/postage costs).

In order to ensure the protections intended by the City Council when the City adopted the tenant protections, TAHO and Just Cause ordinances, sufficient staff resources must be provided to educate landlords and tenants, investigate and resolve potential violations of the tenant protections, and refer cases to the City Attorney for criminal violations or seek enforcement through the Administrative Citation Enforcement (ACE) program for violations of the TAHO.

LAHD Regulatory Code and Compliance Bureau and BAE collaborated to develop staffing requirements for each enforcement level. The number and type of staff required for each scenario are shown in Table 2 below.

Table 2: Staff Requirements by Enforcement Level

Enforcement Scenario	Position	Number of FTE
Minimum Level		
	Housing Investigator II	2
	Housing Investigator I	8
	Management Analyst	2
	Management Assistant	2
	Communications Information Representative II	4
	Senior Administrative Clerk	3
	Administrative Clerk	17
	Total	38
Medium Level		
	Housing Investigator II	2
	Housing Investigator I	10
	Management Analyst	6
	Management Assistant	1
	Communications Information Representative II	6
	Senior Administrative Clerk	4
	Administrative Clerk	21
	Total	50
Full Level		
	Housing Investigator II	2
	Housing Investigator I	15
	Management Analyst	7
	Management Assistant	2
	Communications Information Representative II	8
	Senior Administrative Clerk	5
	Administrative Clerk	24
	Total	63

Table 3 of the BAE Study below provides salary and overhead costs by enforcement level for FY 2024-25.

Table 3: Salary and Overhead Costs, by Enforcement Level, FY 2024/25

Enforce- ment Scenario	Position	Number of FTE	Annual Salary	Salaries, General	Leasing (a)	Related Costs (b)	GASP (c)	Total
Minimum Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	8	\$85,788	\$686,304	\$102,946	\$414,459	\$156,889	\$1,360,598
	Management Analyst	2	\$93,734	\$187,468	\$28,120	\$113,212	\$42,855	\$371,655
	Management Assistant	2	\$63,997	\$127,994	\$19,199	\$77,296	\$29,259	\$253,748
	Communications Information Representative II	4	\$74,412	\$297,648	\$44,647	\$179,750	\$68,042	\$590,087
	Senior Administrative Clerk	3	\$71,397	\$214,191	\$32,129	\$129,350	\$48,964	\$424,634
	Administrative Clerk	17	\$53,035	\$901,598	\$135,240	\$544,475	\$206,105	\$1,787,419
	Sub-Total	38		\$2,625,599	\$393,840	\$1,585,599	\$600,212	\$5,205,251
	Less Staff Vacancy Allowance @3%							-\$156,158
	Adjusted Staff and Overhead Costs							\$5,049,093
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$6,159,893
Medium Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	10	\$85,788	\$857,880	\$128,682	\$518,074	\$196,111	\$1,700,747
	Management Analyst	6	\$93,734	\$562,404	\$84,361	\$339,636	\$128,566	\$1,114,966
	Management Assistant	1	\$63,997	\$63,997	\$9,600	\$38,648	\$14,630	\$126,874
	Communications Information Representative II	6	\$74,412	\$446,472	\$66,971	\$269,624	\$102,063	\$885,131
	Senior Administrative Clerk	4	\$71,397	\$285,588	\$42,838	\$172,467	\$65,285	\$566,178
	Administrative Clerk	21	\$53,035	\$1,113,739	\$167,061	\$672,587	\$254,601	\$2,207,988
	Sub-Total	50		\$3,540,476	\$531,071	\$2,138,094	\$809,353	\$7,018,994
	Less Staff Vacancy Allowance @3%							-\$210,570
	Adjusted Staff and Overhead Costs							\$6,808,424
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$7,919,224
Full Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	15	\$85,788	\$1,286,820	\$193,023	\$777,111	\$294,167	\$2,551,121
	Management Analyst	7	\$93,734	\$656,138	\$98,421	\$396,242	\$149,993	\$1,300,794
	Management Assistant	2	\$63,997	\$127,994	\$19,199	\$77,296	\$29,259	\$253,748
	Communications Information Representative II	8	\$74,412	\$595,296	\$89,294	\$359,499	\$136,085	\$1,180,174
	Senior Administrative Clerk	5	\$71,397	\$356,985	\$53,548	\$215,583	\$81,607	\$707,723
	Administrative Clerk	24	\$53,035	\$1,272,845	\$190,927	\$768,671	\$290,972	\$2,523,415
	Sub-Total	63		\$4,506,474	\$675,971	\$2,721,460	\$1,030,180	\$8,934,084
	Less Staff Vacancy Allowance @3%							-\$268,023
	Adjusted Staff and Overhead Costs							\$8,666,062
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$9,776,862

Notes:

(a) Lease overhead rate as % of salaries:	15.00%
(b) Related costs rate as % of salaries:	60.39%
(c) GASP rate as % of salaries:	22.86%

Currently, the equivalent of 132 Full Time staff positions (100 employees in the Rent Division and 32 employees in the Compliance Division) are assigned in the LAHD Rent and Compliance Division to manage and administer the RSO which regulates approximately 651,000 rental units. Under the enforcement scenarios above, 38 to 63 additional positions are required to administer and enforce the Just Cause, TAHO, and related ordinances.

	RSO Actual	Just Cause Minimum Enforcement	Just Cause Medium Enforcement	Just Cause Full Enforcement
Actual/Projected Number of Units Regulated 2024-25	651,000	254,974	295,080	381,173
Staffing FTE Requested	132 Existing	38 Additional	50 Total Additional	63 Total Additional
% Increase in Regulated Units	-----	+39% Units (Year 1)	+45% Units (Year 1)	+59% Units (Year 1)
% Increase in Staff Needed for JC		29%	38%	48%
Units Regulated Per Additional Staff	5,086 Units Per Staff	6,710 Units Per Staff	5,901 Units Per Staff	6,050 Units Per Staff
Average Fee Per Unit Over 3 Years	\$38.75 (Actual)	\$26.84	\$29.82	\$28.50

It should be noted that staff projections are conservative in comparison to the increase in units to be regulated, monitored, and enforced. These projections were developed for utilization by the Study consultants in the summer of 2023, and based on actual, more recent experience, under-estimate the workload for Just Cause and the ancillary expanded tenant protections. The positions requested here are the minimum positions needed to implement a program of monitoring and enforcement of previously unregulated rental units on this scale. LAHD plans to closely monitor the workload and provide recommendations for adjustments in future staffing levels and the corresponding fee levels, as necessary.

Staffing and Functions for Just Cause (Non-RSO) Rental Units

The following is a summary of functions and services to be provided by the additional positions to be supported by the Just Cause Enforcement fee. Enforcement activities to be funded by this fee include administration and enforcement of the Just Cause for Eviction, Eviction Threshold, Economic Displacement, and COVID Pets “Amnesty” ordinances. No staff is necessary nor requested for the Rent Adjustments Section because the Section’s work is not impacted by the Just Cause for Eviction or related ordinances because state law (the Costa Hawkins Act) precludes regulation of rent increases for non-RSO units. Additionally, no staff is requested for the Rent Adjustment Commission (RAC) support staff or general management and administration.

Hotline / Customer Service Section

Staff in the Customer Service Section operate the Rent/Code Customer Service hotline (handling approximately 250,000 calls annually) and the Customer Services Counters located at five regional/satellite offices throughout the City, as well as LAHD headquarters. Staff in the Customer Service Section are responsible for assisting constituents in person and/or online and provide education and guidance to landlords, tenants, community advocates, attorneys, and others on the LAMC regarding the RSO, the Just Cause for Evictions Ordinance and all housing-related laws. Staff intakes complaints filed by tenants on alleged violations of the LAMC and related

housing laws, including illegal evictions, illegal rent increases, failure to pay relocation assistance, code and habitability cases; provides counseling and referrals to constituents; and processes transactions and accepts Rent Escrow Account Program (REAP) and payments for Annual Registration fees, Systematic Code Enforcement Program fees, inspection fees, and other related fees. The Customer Service staff also addresses billing concerns such as appeals of fees, exemption requests, and notifies relevant staff of any discrepancies, assists constituents with the completion of the rent registry forms and other LAHD forms, receives and processes records requests, receives and uploads documents for Housing Investigators, Housing Inspectors, or other LAHD sections. All these activities are needed for non-RSO rental units to be subject to the Just Cause Enforcement fee.

In 2019, before the pandemic, the Rent hotline received 158,293 annual calls. In 2023, it received 253,985 calls, an increase of 60% from 2019. In the first three months of 2024, the Hotline received 104,004 calls, projected to reach 416,000 calls by the end of the year, an increase of 161% from 2019. The increase in call volume is attributed to the lifting of the pandemic tenant protections and the adoption of new ordinances that now extend protections to ALL renters, regardless of the RSO status of their rental unit, year of construction, or how many units are on the property. The current call volume represents a workload of 1,576 daily calls per Hotline Operator. Assuming all 9 Hotline Operators are always present, one agent would be required to handle 175 calls daily, which would require operators to handle all calls within 2 minutes, which is impossible. The current average call handling time is over 6 minutes. Inadequate staffing leads to long wait times, and frustration from callers already facing a housing crisis.

The additional Customer Service positions needed for the Hotline and Customer Service Counters are listed below under each enforcement scenario.

Staffing - Customer Service Section

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Communication Information Representative II (Hotline Operator)	8	4	6	8
Administrative Clerk	11	2	4	5
Senior Administrative Clerk	4	1	1	1
Total	23	7	11	14

Investigations and Enforcement Section

The Investigations and Enforcement Section is instrumental in the enforcement of the new ordinances. This Section annually investigates approximately 10,000 complaints of alleged violations of the RSO and, more recently, investigated violations of the City's COVID-19 renter protections for all residential units in the City; safeguards tenants' rights and protects tenants from arbitrary evictions; educates landlords and tenants on their rights and responsibilities under City and state law; refers unresolved complaints to the City Attorney for possible criminal prosecution and assists the City Attorney in the prosecution of criminal violations. Housing Investigators and Administrative Clerks are deployed to 5 LAHD regional offices to provide services throughout the City.

LAHD workload statistics on investigations of tenant complaints about violations of the RSO and new Just Cause ordinances indicate a 70% increase in cases filed since the adoption of the Just Cause ordinance in 2023. From 2019 through 2022, prior to the adoption of the Just Cause for Evictions ordinance, tenants filed an average of

590 complaints monthly. However, since the adoption of the Just Cause and related ordinances in early 2023, average tenant complaints filed have averaged 1,332 cases per month. In 2024, with the expiration of the pandemic pause on rental arrears repayment, LAHD received an average of 1,430 tenant complaints filed per month, nearly doubling the pre-pandemic caseload. The number of tenant complaint cases will continue to grow once the implementation of JCO becomes more visible.

Investigations and Enforcement - Tenant Complaints						
	2019	2020	2021	2022	2023	2024 (Jan– March)
Average Monthly Cases	781	430	411	740	1,234	1,430

LAHD currently employs 20 Housing Investigators to triage, investigate, and resolve tenant complaints regarding violations of the RSO. From years of experience in conducting these investigations, an optimal maximum caseload is 50 cases per month per Housing Investigator. Tenant complaints have continued to increase each year since 2020, as expanded tenant protections were adopted. Since the adoption of the new Just Cause ordinances in 2023, Housing Investigators are now carrying an average caseload of 150 investigations, or three times higher than the maximum goal of 50 cases per Investigator. With the adoption of the Just Cause for Eviction, Eviction Threshold and Economic Displacement ordinances, Housing Investigators are needed to investigate and resolve tenant complaints about illegal evictions, illegal rent increases, reductions in services, failure to pay the correct amount of relocation assistance due to tenants for no-fault evictions, tenant harassment and failure to notify tenants of their rights as required under City law. Pre-pandemic, the goal has been to investigate and close complaints within 90 days; however, this goal is no longer feasible with the current staffing. As a result, the number of 120-day cases has increased as the average caseload per Housing Investigator has increased. The number of complaints older than 120 days has increased by more than 900% since 2023. The average number of 120-day cases was 38 in 2019, compared with 359 120-day cases now. These backlogs illustrate LAHD’s inability to expeditiously resolve tenant complaints given the current level of staff resources.

Processing of California Public Records Act (CPRA)

Aside from the clerical duties involved with processing tenant complaints, the Investigations and Enforcement Section’s administrative responsibilities include responding to CPRA requests. One CPRA request can involve multiple case files as requests have become more complex, often involving multiple complaint files for the same property owner or all units on a property. In 2019, before the pandemic, the Section received 907 CPRAs. In 2023, the Section received 1,601 CPRAs, a 77% increase. The increased number of CPRA requests received with its strict deadlines to respond has overwhelmed clerical staff who can no longer prioritize tenant complaints received for eviction, unlawful rent increases, and harassment.

The following table indicates the current and additional staffing needed for investigations for the Just Cause for Evictions Ordinance:

Staffing - Investigations and Enforcement

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	8	3	4	5
Senior Administrative Clerk	1	1	1	2
Housing Investigator I	20	7	9	13
Housing Investigator II	5	1	1	1
Total	34	12	15	21

Landlord Declarations Section

The Landlord Declarations Section processes no-fault evictions, relocation assistance, and at-fault evictions that require a filing of a Declaration of Intent to Evict. It also oversees the Tenant Buyout program and responds to requests for public records. No-Fault evictions are legal evictions where the tenant is not at-fault such as for occupancy by the owner, family, or resident manager, demolition, permanent removal from the rental market, or conversion to condominiums or affordable housing. The work of the Landlord Declarations Section is essential to preventing illegal evictions and displacement and ensuring that tenants receive relocation assistance due and are granted their legal right to return when applicable. As a result of the adoption of the Just Cause for Eviction Ordinance, these protections are now required for all rental units, regardless of RSO status.

As indicated below, in 2019 before the pandemic moratorium on No-Fault evictions, the Section processed 1,315 eviction filings. After the expiration of the COVID Tenant Protections and adoption of the Just Cause for Eviction Ordinance, No-Fault eviction filings increased by 16%. Other related tasks performed by the Landlord Declarations Section are listed in the chart below, with the corresponding increase in workload:

No-Fault Eviction Filings & Relocation Assistance			
Task	2019	2023	Percentage Change
Eviction Filings	1,315	1,528	16% increase
Relocation Appeal Hearings	43	133	209% increase
Buyouts Filed	1,283	833	35% decrease
Public Record Requests for Declarations and Buyouts	475	2,014	324% increase

The following positions are needed to provide services related to no-fault evictions from non-RSO units:

Staffing - Landlord Declarations - No Fault Evictions & Relocation Assistance

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	0	1	1	1
Senior Administrative Clerk	2	0	0	0
Management Analyst	6	2	3	4
Total	8	3	4	5

Property Status Determinations Section

The adoption of expanded tenant protections applicable to non-RSO rental units has significantly impacted the work of the Property Status Determination Section, which reviews the legal status of properties to determine if they are subject to the RSO or the JCO, based on requests from property owners for exemptions from payment of fees, application of the regulations, new building construction reviews, disputes in jurisdiction, and status confirmation for replacement unit determinations required by state law for construction development projects. Requests are also received from tenants who wish to confirm that they are covered by the laws guaranteeing tenant protection.

In CY 2019, the Section reviewed 1,510 RSO determination cases, compared to 950 determinations in CY 2023. Approximately one million residential rental units are in the City of Los Angeles, subject to the RSO or the JCO. About 38% (381,173) of these will be JCO units, an increase of almost 60%. Demand for property status determinations are likely to be even higher since the new laws apply to previously unregulated rental units, which property owners are likely to challenge. The work of this Section is anticipated to increase significantly due to the inclusion of previously unregulated single-family dwellings under the JCO and related ordinances. The 5 additional positions requested for the full enforcement level represent an increase in staff commensurate with the additional rental inventory, which is likely to generate a disproportionate need for status determinations since the affected property owners are more likely to dispute and object to the new laws regulating their rental operations. In 2023-24, the Rent Division has two (2) Housing Investigators who review the RSO status of properties and one (1) Administrative Clerk who creates cases, processes incoming mail, prepares correspondence from mailing, and answers the phone for general questions and responds to public records requests. Between 2019 to 2023, requests for public records requests increased from 230 to 986, a 329% increase. This increase requires an Administrative Clerk to timely respond to requests for public records within the mandated 10-day deadline. Public records requests have significantly increased since tenants use the records to prepare their legal defense in eviction court. Failure to promptly respond to public records requests can result in tenants being displaced from their rental units since they cannot prove their eviction defense in Court, as well as LAHD's failure to comply with state law and court-ordered subpoenas for records.

The following positions are needed to process property status determinations due to the implementation of the Just Cause and related ordinances:

Staffing - Property Status Determinations

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	1	1	1	1
Housing Investigator I	2	1	1	2
Management Analyst	0		1	1
Housing Investigator II		1	1	1
Total	3	3	4	5

Rent Registry Section

The Rent Registry Section is responsible for processing registration of rental units, tenant disputes of reported rents, and public record requests. This process also provides crucial information to tenants about their rights and the information necessary to understand whether their rent may have been illegally increased. Sixty-five percent (65%) of the post-1978 multi-family housing stock was built between 1979 and 2009 (165,579 units) and are regulated for rent increases under the state Tenant Protections Act of 2019, which applies to rental units more than 15 years old. Those units that are not subject to the Tenant Protections Act (approximately 35%) are nevertheless covered by the City's 2023 Economic Displacement and Eviction Threshold ordinances. The Rent Registry is a valuable tool for monitoring and enforcing legal rent levels and tenant protections that apply to all non-RSO rental units citywide.

The following table represents the increased workload of the Rent Registry Section from 2019 to 2023.

Rental Unit Registration Workload			
Task	2019	2023	Percentage Change
Rent Registry Forms Processed	93,320	108,060	16% increase
Public Records Requests for Rent Registry	520	1,113	114% increase

In 2023, a total of 108,060 properties were required to submit a Rent Registry form, compared to 93,320 in 2019. The 16% increase is due to an increase in billable RSO units related to new construction, such as additional accessory dwelling units or replacement units added to the RSO inventory. In CY 2023, Section staff corrected 16,030 incomplete forms, contacted 34,500 landlords with outstanding Rent Registry forms, and responded to thousands of inquiries and phone calls.

The Rent Registry Section currently has a total of 6 positions (listed in the chart below under existing staff) performing the day-to-day operating activities. The Administrative Clerks are responsible for reviewing the rent registry forms, mailing distribution, responding to public records requests, answering the phone, replying to emails, and helping conduct public webinars. However, additional clerical support staff is needed (listed in the

table below under minimum, medium and full enforcement) to process registrations, handle tenant notifications, phone calls, and disputes, for the additional inventory of almost 400,000 units to be regulated due to the implementation of the Just Cause Ordinance:

Staffing - Rent Registry

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	3	2	3	3
Senior Administrative Clerk	1			
Housing Investigator I	1			
Housing Investigator II	1			
Total	6	2	3	3

Eviction Notices Filing Section

Through the adoption of the Just Cause ordinance, the City adopted a new requirement that landlords must file notices of all evictions with LAHD. Since February 1, 2023, through April 2024, approximately 112,000 eviction notices have been filed from both RSO and non-RSO rental units, including single-family homes and condominiums. Landlord notices are either uploaded directly online or mailed to the Department. Due to this new requirement, LAHD had to work overtime to create a basic online system. LAHD contracted with Konica Minolta to scan and upload the backlog of mailed notices into the online eviction notice system. Initially, LAHD staff had to scan and manually enter the information into the system. Since July 23, 2023, LAHD has begun mailing weekly renter protection information and legal referral bulletins to tenants named on landlords' at-fault eviction notices, with more than 53,397 bulletins mailed (through April 2024). Additionally, LAHD receives a substantial number of public records requests and subpoenas from attorneys requesting staff to testify in court. As a result of the high number of requests, LAHD created a declaration for tenants and tenant lawyers to use in court to validate whether an eviction notice has been filed with LAHD as mandated by the ordinance. However, the number of subpoenas for staff to testify in court has continued to increase, which has impacted the operations of the Division and created backlogs in other functions since Rent staff is now required to physically attend court and the Eviction Filing program did not include staffing resources.

Eviction Filing Section staff receive and process all eviction notices filed by landlords, handle public records requests, testify in court, and mail information to those tenants subject to an eviction notice informing them of their renter rights and providing legal referrals to assist tenants in avoiding eviction. Because staffing has not been approved for this new function, LAHD temporarily hired two temporary staff to handle the processing of eviction notices.

Since the program's inception on January 27, 2023, LAHD has received over 112,000 notices filed online, in person, or via mail. In 2023, the Section received 888 public records requests. This number has increased dramatically in 2024 to approximately 700 in the first four months of 2024, in addition to 30 court appearances throughout the County Superior Courts from Santa Monica, Compton, Pasadena, Los Angeles, and the Valley.

The Eviction Filing Notification system has proved to be a useful tool to support tenant outreach to prevent evictions. This new requirement applies to all rental units, both RSO and non-RSO, and has imposed a significant

increase in workload and the necessity for landlord/tenant outreach and monitoring. Adoption of the recommended Just Cause Evictions Fee will provide a funding source for these services for non-RSO rental units. The following staff positions are needed for the administration of the Eviction Filing System for non-RSO rental units:

The following positions are needed to manage and administer the eviction filing notification requirement of the Just Cause for Eviction Ordinance:

Staffing - Eviction Filing Notifications

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	0	5	5	5
Sr. Administrative Clerk	0	1	1	1
Total	0	6	6	6

Billing and Collections Section

The Section staff are responsible for the data integrity of property profiles and ownership details within the Billing Information Management System (BIMS). The staff currently manages the issuance of 120,000 annual Rent Stabilization Ordinance (RSO) and Systematic Code Enforcement Program (SCEP) fee statements, generating over \$82 million in revenue annually. Ongoing collection activities throughout the year are successful in maintaining a 97% collection rate for all regular RSO and SCEP fees. Additionally, over 70,000 annual owners occupied/not rented residential rental unit exemptions are processed and uploaded into BIMS. The Section provides over 70,000 Rent Registration Certificates each year to landlords, which enables the lawful collection of tenant rents. An educational and awareness hotline provides over 43,000 property owners with support and assistance each year.

The increase of 73% in regulated rental units requires the addition of the following positions in the Billing Section, which will be responsible for billing and collection of \$6.2 to \$9.8 million for the operation of the Just Cause for Eviction and related programs:

Staffing - Billing & Collections

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
As-Needed	2	0	0	0
Administrative Clerk	11	1	1	2
Senior Administrative Clerk	2	0	1	1
Management Assistant	3	2	1	2
Management Analyst	1	0	1	1
Housing Investigator II	1	0	0	0

Senior Management Analyst I	1	0	0	0
Senior Management Analyst II	1	0	0	0
Total	22	3	4	6

Note: There is an add/delete of a Management Assistant and Management Analyst in the Medium Enforcement level.

Hearings & Appeals Section

The Hearings Section administers the General Manager (GM) appeals and hearings, including appeals on relocation assistance for no-fault evictions, which can be filed by either tenants or landlords who disagree with the relocation amount set for an eviction from a rental unit. Under the Just Cause for Eviction and Economic Displacement ordinances, relocation assistance is now required for all no-fault evictions, including those not subject to the RSO.

Hearings Section staff is responsible for appeals case intake, which includes time-sensitive evaluation of the grounds for appeal; scheduling of hearings; issuing the applicable mandated notices to all concerned parties (tenants in all units, property owners, and other interested parties); providing constituent assistance and support for each case, including language translation services; reasonable accommodations; and GM Hearing Officer administrative support during each hearing. Subsequent to the hearing disposition, the Section is responsible for the issuance of the GM Hearing Officer's Determination to all interested parties.

The Hearing Section provides administrative operational support for 16+ different hearing types and appeals. In FY 2022-23, 1,868 total hearings were conducted (1698 GM Hearings and 170 RAC AB hearings). In FY 2022, the Hearing section conducted 1 relocation hearing, which increased to 79 in 2023.

The Hearings & Appeals Section requires the following positions to handle appeals and hearings for non-RSO rental units subject to the Just Cause for Eviction and Economic Displacement ordinances:

Staffing - Hearings & Appeals

Classification	Existing Staff	Minimum Enforcement	Medium Enforcement	Full Enforcement
Administrative Clerk	8	2	2	2
Senior Administrative Clerk	1	0	0	0
Management Analyst	1	0	1	1
Total Staff	10	2	3	3

Summary of Additional Tenant Protections Services by Enforcement Level

Services by Enforcement Level			
Service/Activity	Full	Medium	Minimum
<i>Hotline/Customer Service Counters</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Billing/Registration of Rental Units</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Registration of Rent Levels</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Status Determination</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Evictions Filing/Tracking System Maintenance</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Evictions Protections/BuyOut (Landlord Decs) – Complaint Intake & Investigations</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Enforcement & Investigations of Illegal Rent Increases/Evictions/Relocation/TAHO</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Hearings/RAC</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only

Cost Estimates

Total annual costs for staffing and overhead in 2024-25 range from \$5.2 million per year under the Minimum enforcement scenario to \$8.9 million per year under the Full enforcement scenario. Per departmental practice, a three percent staff vacancy factor is applied to account for the direct salary cost savings that occur when positions are vacant due to staff turnover and the time required to recruit and hire replacement staff. As the indirect and overhead costs are driven by the direct staff salaries, those costs will also be reduced by three percent. After factoring in staff vacancies, the adjusted total costs for FY 2024-25 range from \$5.0 million to \$8.7 million for the Minimum and Full enforcement scenarios. BAE applied the City of Los Angeles' overhead calculations as follows: Indirect Costs (CAP 41) at 60.39 percent, including fringe benefits and Central Services; Allocated Lease and Parking at 15 percent; and GASP at 22.86 percent, as summarized in Table 3. The total number of new positions for full implementation in Year 3 is 63 positions.

In addition to direct staff salary cost and associated indirect/overhead costs, the Just Cause Evictions and Extended Tenant Protections programs will incur certain direct costs for services, including:

- Systems and a new tracking software dashboard and related systems development and maintenance costs, which are estimated to cost \$350,000 for the start-up year and \$250,000 per year for each subsequent year.
- Other direct administrative costs including postage and mailings, which are estimated to cost \$310,000 in 2024-25, which will involve separate mailings and then in subsequent years the mailings are estimated to drop to \$72,570 in 2025-26, when mailings can be combined with other

mailings for cost savings, rising slightly to \$76,500 in 2026-27 due to an incremental increase in the number of mailings associated with the increase in the number of regulated units.

- Media outreach, including print media and radio advertisements to educate landlords and tenants who are newly subject to City regulation and new tenant protections in the amount of approximately \$450,000 in 2024-25, \$350,000 in 2025-26, and \$275,000 in 2026-27. A robust outreach and education campaign will be important to reach tenants and landlords of this newly regulated housing inventory.

Total direct salaries, indirect/overhead, and other direct costs for 2024-25 range from \$6.2 million at the Minimum enforcement level to \$9.8 million at the Full enforcement level.

Implementation and Fee Recommendation

Table 6 of the Study calculates the average annual cost per covered unit, by enforcement level, for each of the three fiscal years, followed by the average cost per unit averaged over the three-year period. This results in the recommended cost recovery fee level for Just Cause and Extended Tenant Protections, for the FY 2024-25 to FY 2026-27 period, depending on the enforcement level that is to be implemented. The average annual fee per unit needed in Year 1 ranges from \$26.84 per unit per year under the Minimum enforcement level scenario to \$29.82 under the Medium enforcement scenario. The fee under the Full enforcement scenario is slightly lower than the fee for the Minimum enforcement scenario because, while total annual program costs rise substantially, there is a more significant increase in the number of covered units, which yields a modest decrease in the average cost per unit. Costs for the Medium enforcement scenario is the highest of the three because, while there is a substantial increase in total program costs versus the Minimum enforcement scenario, there is a more limited increase in the number of covered units.

LAHD recommends a phased-in approach regulating all non-RSO multi-family rental units in 2024 (the Minimum enforcement scenario) and phasing in regulation of rented corporate-owned condominiums and single-family units (Medium enforcement) in 2025, followed by Full enforcement of all rentals in 2026, including privately-owned single-family units. The commensurate fee calculated under the BAE report would be \$27.23, derived by the average of the Minimum, Medium and Full enforcement per unit fee levels of \$26.84 (Year 1/Minimum Enforcement), \$27.75 (Year 2/Medium Enforcement) and \$27.09 (Year 3/Full Enforcement). Given that the average monthly rent of a non-RSO rental unit is \$2,212 or \$26,544 per year, the recommended fee represents 1/10 of one percent of the average annual rental income per unit. For comparison, the current annual fee for RSO properties is \$38.75 per unit.

LAHD is prepared for implementation of the new program fees and ready to provide landlords notifications of fees upon adoption of the new Just Cause Enforcement fee by the Mayor and Council. It is anticipated that LAHD will mail notifications of fees due to non-RSO landlords in September 2024, to be due in 60 days and, therefore, collected approximately by November 2024. The temporary transfer of \$2,799,575 from the SCEP Trust Fund will be used to front fund an estimated 50% of the annual program cost and the anticipated fee receipts in 2024 will enable hiring and implementation of the Just Cause services for FY 2024-25. The front fund amount of \$2,799,575 from the SCEP Trust Fund will be reimbursed when the Just Cause Enforcement fees are effectuated and the revenues are collected.

During and since the COVID-19 pandemic, the City adopted an ambitious array of new tenant protections to ensure the safety and stability of the City's predominantly renter population of 1.5 million households. For these programs and ordinances to be effective, the City must provide the necessary resources to administer and enforce them. LAHD recommends that the City Council approve an annual fee of \$27.23 per residential rental unit not

subject to the RSO, to be billed and collected upon approval by the Mayor and Council. Beginning in 2025, the fee shall be due on the first day of January of each year and late if received after the last day of February. LAHD shall establish the due date in 2024, upon approval of the new ordinance. Interest earned from the Just Cause Enforcement fee shall be retained within the account established for this fee.

In order to ensure timely receipt of revenue and maximize compliance, LAHD recommends that delinquent fee structure similar to the existing structure for RSO fees be approved, requiring an additional penalty of 150% of the regular fee be established for payments received 60 days after the due date, in alignment with the current penalty assessment for RSO units per LAMC Sec. 151.15. For comparison purposes, the delinquent fee (\$58.13) for late payment of the RSO fee is 150% of the regular fee of \$38.75, while the delinquent fee for SCEP (\$135.88) is 200% of the regular SCEP fee (\$67.94).

The fees proposed in this report are reasonable and well below fees levied by other jurisdictions that regulate Just Cause evictions, as illustrated in Attachment 2.

Outreach and Public Notification Plan

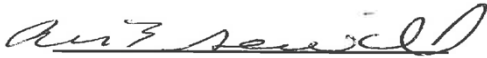
LAHD and its partners conduct and oversee a robust program of outreach and education activities for tenants and landlords, including: webinars and monthly workshops and presentations by LAHD staff and partner agencies through the StayHoused LA network; participation in mayoral and council-sponsored community events; presentations to neighborhood councils and industry groups such as the California Apartment Association (CAA), Apartment Association of Greater Los Angeles (AAGLA) and realtor associations; publication and distribution of landlord-tenant handbooks and bulletins on myriad topics; release of press releases, email blasts and social media messaging on Facebook, twitter and Instagram. The Department regularly updates information and FAQs on the LAHD website, where required Tenant Rights Notification forms are available. Since 2023, in anticipation of the expiration of the COVID-19 tenant protections, the LAHD in partnership with the Office of the Mayor, has conducted a media outreach campaign that has reached thousands of Angelenos in multiple languages, using a variety of methods including social media, digital ads, local ads in bodegas and at gas stations, radio spots, and ads in local newspapers.

The cost estimates for the Just Cause Fee include funding of \$450,000 for Year 1, to conduct a media campaign to educate tenants and landlords of the newly regulated rental units about their rights and obligations under City law and where to find assistance and information. The campaign will target landlords and tenants of this new inventory of rental housing who may not be familiar with the new laws and will be in addition to landlord-tenant workshops, industry and community presentations, and social media activities conducted by LAHD. Approval of the staffing resources in this report will enable LAHD to expand the Landlord-Tenant hotline by adding four (4) to eight (8) Hotline Operators and reduce caller waiting times. As noted in this report, the Hotline is projected to receive and manage more than 400,000 calls this year alone.

FISCAL IMPACT

There is no direct impact to the General Fund through the actions recommended in this report. If authorized, funding from the Systematic Code Enforcement Fee Fund No. 41M/43 will be utilized to front fund the cost of the resources requested to launch the Just Cause for Eviction protections enforcement and the Systematic Code Enforcement Fee Fund No. 41M/43AD41 will be reimbursed by revenue collected from the Just Cause Enforcement Fee. Beginning in 2025, the fee shall be due on the first day of January of each year. LAHD will absorb the ongoing costs of the requested positions for Fiscal Years 2025-26 and 2026-27 within its existing funds on an ongoing basis.

Approved By:

A handwritten signature in dark ink, appearing to read "Ann Sewill", written over a horizontal line.

ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

BAE Final Additional Tenant Protections Fee Study
Just Cause Fee Comparison in California Cities

Final Memorandum

To: Anna Ortega, Assistant General Manager
Los Angeles Housing Department, Regulatory Code and Compliance Bureau

From: Matt Kowta, MCP, Managing Principal

Date: September 30, 2023

Re: Fee Study for Additional Tenant Protections

The purpose of this memo is to document the assumptions and calculations for a new fee for Additional Tenant Protections specified in the City of Los Angeles Tenant Anti-Harassment Ordinance (TAHO, Ordinance No. 18710), which went into effect on August 6, 2021 and Just Cause evictions protections (Ordinance No. 187737), effective January 27, 2023. These ordinances extend tenant protections to residents of rental housing units that were not previously protected by the City's Rent Stabilization Ordinance (RSO). The Los Angeles Housing Department (LAHD) is proposing to provide a suite of services (Additional Tenant Protections) in conjunction with enforcing the provisions of the TAHO and Just Cause ordinances as well as additional tenant protections adopted upon the lifting of the COVID-19 pandemic tenant protections in 2023:

- Ordinance No. 187763 – Eviction Threshold Ordinance
- Ordinance No. 187764– Economic Displacement Ordinance

Housing units to be covered by the Additional Tenant Protections include:

- Multifamily rental units constructed in 1979 or later.
- Rented condominium units constructed in 1979 or later.
- Rented single-family homes of any age

Generally, the Additional Tenant Protections to be funded by the new fee(s) will include enforcement of rent increases regulated by California State Law (AB 1482), Tenant Anti-Harassment investigations, and Just Cause Eviction protections, including investigations and enforcement of the eviction threshold and economic displacement ordinances. To provide these services, LAHD will perform numerous functions, including expanded services through the LAHD telephone Hotline and Customer Service counters, billing and registration of covered rental units, registration of rent levels, determination of status of units (i.e., covered/uncovered for specific protections), evictions filing and tracking, investigations of tenant complaints regarding violations of the tenant protections, and various appeals hearings before a Hearing Officer and the Rent Adjustment Commission (RAC). Related to all of these functions, LAHD will conduct outreach, intake complaints, conduct investigations, and carry

out enforcement actions necessary to ensure compliance with the tenant protections ordinances.

This memo evaluates LAHD costs and necessary fee levels for cost recovery for three possible enforcement levels (Minimum, Medium, Full) for the Additional Tenant Protections.

Attachment A to this memo is a matrix summarizing the different enforcement levels and the services to be provided to different types of covered units under each enforcement scenario. The actual enforcement level to be provided by LAHD is subject to direction from the Los Angeles City Council.

This memo concludes with a recommended Additional Tenant Protections fee level for the 2024-2025, 2025-2026, and 2026-2027 fiscal years, for each of the three different enforcement levels.

Fee Methodology Overview

The Additional Tenant Protections Fee will be charged to owners of covered housing units that are not already covered by the City of Los Angeles' Rent Stabilization Ordinance (RSO). The fee is designed to offset the direct and indirect costs to the LAHD for providing Additional Tenant Protections. The LAHD will dedicate new staff to providing the Additional Tenant Protections services for the newly covered housing units. The fee calculation methodology relies on a projection of the numbers and types of staff that will be required to provide the services to covered units under each of the different enforcement levels. The estimated staffing requirements are based on LAHD's experience providing similar services for housing units covered by the RSO and are a function of the number of newly covered housing units and the level of enforcement. Considering these factors, Regulatory Code and Compliance Bureau staff provided estimates of the staffing requirements for each enforcement level, based on LAHD's experience providing similar services to units covered by the City's RSO.

In addition to the direct staffing costs (i.e., employee salaries), LAHD costs include various indirect departmental and citywide administrative and overhead costs as well as certain direct costs (e.g., software systems and contracted services, mailing/postage costs).

Total Additional Tenant Protections costs are identified on an average cost per unit basis for Fiscal Year (FY) 2024-25. Then, all costs are inflated by an annual inflation factor to project costs during the two following fiscal years. These costs are then averaged over the three-fiscal year period to come up with an average cost per covered housing unit during the three-fiscal year period.

The following sections document the steps outlined above.

Estimated Covered Housing Units

The number of covered housing units is a key driver of LAHD's workload and staffing requirements for administering the Additional Tenant Protections services. LAHD generated estimates of the number of 2023-2024 Base Year housing units under each of the three different enforcement levels, as shown in the upper part of Table 1, on the following page. LAHD generated the estimates via a proprietary LAHD database of residential properties within the City of Los Angeles. As summarized in the table, the estimated number of newly covered housing units ranges between approximately 251,000 housing units and 376,000 housing units for the Minimum and Full enforcement scenarios, respectively.

Calculation of a fee to cover the FY 2024-25 to FY 2026-27 fiscal year period requires an estimate of the growth in the number of housing units that would be served with the Additional Tenant Protections over the time span. To estimate the change in covered housing units from the Base Year, BAE considered recent population growth projections as well as recent trends in the local inventory of housing units. While the California Department of Finance in its most recent set of population projections for Los Angeles County anticipates both a short-term and a long-term decline in the number of countywide residents, this is not necessarily indicative of a change in the number of housing units. While the county may lose population over the coming decades, the number of housing units may remain stable or continue to grow. If this occurs, the result would likely be a reduction in the average household size, as fewer residents are spread over a stable or increasing number of housing units. Additionally, the City of Los Angeles could potentially continue to expand its housing stock (and population) while the countywide population may decline. As shown in Attachment B, between 2020 and 2023, the City of Los Angeles housing stock increased at a rate of 1.1 percent per year, considerably faster than the housing stock for the County of Los Angeles as a whole, where the housing stock grew at a rate of only 0.67 percent per year.

Considering that the City's housing stock has grown more rapidly than the county's in the last several years, BAE recommends for the purposes of the fee calculation that the City of Los Angeles adopt an assumption that the City's housing stock will continue to grow at a moderate pace, consistent with the pace of 2020 to 2023, for the short-term period of FY 2023-24 through FY 2026-27. Accordingly, BAE projected the change in the number of units for the two subsequent fiscal years, based on an examination of the rate of change in the number of single-family and multifamily housing units in the City of Los Angeles over the 2020 to 2023 time-period based on estimates from the California State Department of Finance. As shown in Attachment B, broken down by unit type, growth in multifamily units was 0.58 percent per year and growth in single-family units was 1.5 percent per year. Table 1 applies these growth rates to the FY 2023-24 base year of newly covered housing units for each of the three subsequent fiscal years. Table 1 applies the 1.50 percent annual growth rate to both rented multifamily apartments and rented multifamily condominiums. The table applies the 0.58 percent growth rate to rented single-family residential units, both corporately-owned and individually-owned.

Based on the assumptions above, the estimated cumulative number of newly covered housing units would range from approximately 255,000 units to 381,000 units in FY 2024-25, depending on the enforcement scenario, with the greatest number of housing units covered under the Full enforcement scenario.

For FY 2025-26, the estimated cumulative number of newly covered housing units ranges between approximately 259,000 units to 386,000 housing units under the Minimum and Full enforcement scenarios, respectively.

For FY 2026-27, the estimated cumulative number of newly covered housing units ranges between approximately 263,000 and 391,000 housing units under the Minimum and Full enforcement scenarios, respectively.

Table 1: Estimated Newly Covered Housing Units, FY 2023-24 to FY 2026-27

Base Year (FY 2023/24) (a)			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units	251,200	251,200	251,200
Post-1978 Rented Condos	-	30,000	30,000
Rented SFD Units			
Corporate-Owned	-	9,600	9,600
Individually-Owned	-	-	85,600
Total Newly Covered Units	251,200	290,800	376,400

FY 2024/25			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	254,974	254,974	254,974
Post-1978 Rented Condos (c)	-	30,451	30,451
Rented SFD Units (d)			
Corporate-Owned	-	9,655	9,655
Individually-Owned	-	-	86,093
Total Newly Covered Units	254,974	295,080	381,173

FY 2025/26			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	258,805	258,805	258,805
Post-1978 Rented Condos (c)	-	30,908	30,908
Rented SFD Units (d)			
Corporate-Owned	-	9,711	9,711
Individually-Owned	-	-	86,589
Total Newly Covered Units	258,805	299,424	386,013

FY 2026/27			
	Enforcement Scenario		
	Minimum	Medium	Full
Post-1978 Multifamily Units (b)	262,693	262,693	262,693
Post-1978 Rented Condos (c)	-	31,373	31,373
Rented SFD Units (d)			
Corporate-Owned	-	9,767	9,767
Individually-Owned	-	-	87,088
Total Newly Covered Units	262,693	303,832	390,920

Notes:

Growth in covered housing units is assumed to continue the 2000 to 2023 trend in growth of City of LA single-family and multifamily units overall, through 26/27. Post-1978 multifamily units and Post-1978 Rented condos are assumed to grow at the rate of growth of all units in multifamily structures. Corporate- and individually-owned rented single-family units are assumed to grow at the rate of growth of all units in single-family structures. See Attachment B.

(a) Base year unit counts estimated by LAHD.

(b) Estimated annual growth rate for Post-1978 Multifamily Units: 1.50%

(c) Estimated annual growth rate for Post-1978 Rented Condos: 1.50%

(d) Estimated annual growth rate for Rented Single-Family Units:

 Corporate-owned: 0.58%

 Individually-owned: 0.58%

Sources: CA Dept. of Finance, LAHD, BAE, 2023.

Additional Tenant Protections Staff by Position, by Enforcement Level

BAE coordinated with LAHD Regulatory Code and Compliance Bureau staff to obtain estimates of the staffing requirements for each enforcement level. The number and type of staff required for each scenario is shown below on Table 2. Considering a marginal increase in the number of housing units to be covered by the Additional Tenant Protections during the next three fiscal years, LAHD staff estimate the same staffing level requirements over the three-year period.

Table 2: Staff Requirements by Enforcement Level

Enforcement Scenario	Position	Number of FTE
Minimum Level		
	Housing Investigator II	2
	Housing Investigator I	8
	Management Analyst	2
	Management Assistant	2
	Communications Information Representative II	4
	Senior Administrative Clerk	3
	Administrative Clerk	17
	Total	38
Medium Level		
	Housing Investigator II	2
	Housing Investigator I	10
	Management Analyst	6
	Management Assistant	1
	Communications Information Representative II	6
	Senior Administrative Clerk	4
	Administrative Clerk	21
	Total	50
Full Level		
	Housing Investigator II	2
	Housing Investigator I	15
	Management Analyst	7
	Management Assistant	2
	Communications Information Representative II	8
	Senior Administrative Clerk	5
	Administrative Clerk	24
	Total	63

Source: LAHD, 2023

Salary Rates for Staff Supporting Additional Tenant Protections

Regulatory Code and Compliance Bureau staff provided the annual staff salary rates for the 2024-25 Fiscal Year. As shown in Table 3, below, the staff salaries for the personnel who

would be directly involved in providing the Additional Tenant Protections services range from approximately \$53,000 per year to approximately \$105,000 per year.

Enforcement Division Overhead Assumptions

To capture citywide costs for management and support for Regulatory Code and Compliance Bureau activities, BAE applied the City of Los Angeles' overhead calculations as follows: Indirect Costs (CAP 41) at 60.39 percent, including fringe benefits and Central Services; Allocated Lease and Parking at 15 percent; and GASP at 22.86 percent, as summarized in Table 3. As shown in the table, total annual costs for staffing and overhead in 2024-25 range will range from \$5.2 million per year under the Minimum enforcement scenario to \$8.9 million per year under the Full enforcement scenario. Per departmental practice, Table 3 also includes a three percent staff vacancy factor, to account for the direct salary cost savings that occur when positions are vacant due to staff turnover and the time required to recruit and hire replacement staff. As the indirect and overhead costs are driven by the direct staff salaries, those costs will also be reduced by three percent. After factoring in staff vacancies, the adjusted total costs for FY 2024-25 range from \$5.0 million to \$8.7 million for the Minimum and Full enforcement scenarios.

Direct Cost Assumptions

In addition to direct staff salary cost and associated indirect/overhead costs, the Additional Tenant Protections program will incur certain direct costs for services, including costs for a new tracking software system dashboard and related systems development and maintenance costs, which are estimated to cost \$350,000 for the start-up year and \$250,000 per year for each subsequent year. Other direct costs include postage and mailings, which are estimated to cost \$310,000 in 2024-25, which will involve separate mailings and then in subsequent years the mailings are estimated to drop to \$72,570 in 2025-26, when mailings can be combined with other mailings for cost savings, rising slightly to \$76,500 in 2026-27 due to an incremental increase in the number of mailings associated with the increase in the number of covered units. Other direct costs also include \$450,000 for media outreach and education as the new requirements are initially rolled out for 2024-25, reducing to \$350,000 in 2025-26 and \$275,000 in 2026-27 as tenants and landlords become more familiar with the requirements.

Total Estimated Costs for 2024-25

As shown in Table 3 total direct salaries, indirect/overhead, and other direct costs for 2024-25 range from \$6.2 million at the Minimum enforcement level to \$9.8 million at the Full enforcement level.

Table 3: Salary and Overhead Costs, by Enforcement Level, FY 2024-25

Enforce- ment Scenario	Position	Number of FTE	Annual Salary	Salaries, General	Leasing (a)	Related Costs (b)	GASP (c)	Total
Minimum Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	8	\$85,788	\$686,304	\$102,946	\$414,459	\$156,889	\$1,360,598
	Management Analyst	2	\$93,734	\$187,468	\$28,120	\$113,212	\$42,855	\$371,655
	Management Assistant	2	\$63,997	\$127,994	\$19,199	\$77,296	\$29,259	\$253,748
	Communications Information Representative II	4	\$74,412	\$297,648	\$44,647	\$179,750	\$68,042	\$590,087
	Senior Administrative Clerk	3	\$71,397	\$214,191	\$32,129	\$129,350	\$48,964	\$424,634
	Administrative Clerk	17	\$53,035	\$901,598	\$135,240	\$544,475	\$206,105	\$1,787,419
	Sub-Total	38		\$2,625,599	\$393,840	\$1,585,599	\$600,212	\$5,205,251
	Less Staff Vacancy Allowance @3%							-\$156,158
	Adjusted Staff and Overhead Costs							\$5,049,093
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$6,159,893
Medium Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	10	\$85,788	\$857,880	\$128,682	\$518,074	\$196,111	\$1,700,747
	Management Analyst	6	\$93,734	\$562,404	\$84,361	\$339,636	\$128,566	\$1,114,966
	Management Assistant	1	\$63,997	\$63,997	\$9,600	\$38,648	\$14,630	\$126,874
	Communications Information Representative II	6	\$74,412	\$446,472	\$66,971	\$269,624	\$102,063	\$885,131
	Senior Administrative Clerk	4	\$71,397	\$285,588	\$42,838	\$172,467	\$65,285	\$566,178
	Administrative Clerk	21	\$53,035	\$1,113,739	\$167,061	\$672,587	\$254,601	\$2,207,988
	Sub-Total	50		\$3,540,476	\$531,071	\$2,138,094	\$809,353	\$7,018,994
	Less Staff Vacancy Allowance @3%							-\$210,570
	Adjusted Staff and Overhead Costs							\$6,808,424
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$7,919,224
Full Level								
	Housing Investigator II	2	\$105,198	\$210,396	\$31,559	\$127,058	\$48,097	\$417,110
	Housing Investigator I	15	\$85,788	\$1,286,820	\$193,023	\$777,111	\$294,167	\$2,551,121
	Management Analyst	7	\$93,734	\$656,138	\$98,421	\$396,242	\$149,993	\$1,300,794
	Management Assistant	2	\$63,997	\$127,994	\$19,199	\$77,296	\$29,259	\$253,748
	Communications Information Representative II	8	\$74,412	\$595,296	\$89,294	\$359,499	\$136,085	\$1,180,174
	Senior Administrative Clerk	5	\$71,397	\$356,985	\$53,548	\$215,583	\$81,607	\$707,723
	Administrative Clerk	24	\$53,035	\$1,272,845	\$190,927	\$768,671	\$290,972	\$2,523,415
	Sub-Total	63		\$4,506,474	\$675,971	\$2,721,460	\$1,030,180	\$8,934,084
	Less Staff Vacancy Allowance @3%							-\$268,023
	Adjusted Staff and Overhead Costs							\$8,666,062
	Direct Cost - Dashboard & Systems Development and Maintenance							\$350,000
	Direct Cost - Postage and Mailings							\$310,800
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$450,000
	Total Cost							\$9,776,862

Notes:

(a) Lease overhead rate as % of salaries:	15.00%
(b) Related costs rate as % of salaries:	60.39%
(c) GASP rate as % of salaries:	22.86%

Source: LAHD, 2023.

Total Projected Costs for FY 2025-26 and FY 2026-27

Table 4 and **Error! Reference source not found.** present the projected costs for each enforcement scenario for FY 2025-26 and FY 2026-27, respectively. Each year, the direct staff salary levels are inflated by an estimated three percent per year. The overhead costs increase commensurately, since they apply on a percentage basis to the inflated direct salary costs. As discussed previously, the estimated additional direct costs vary by fiscal year. As shown in Table 4, total program costs in FY 2025-26 are projected to range from \$5.9 million (Minimum enforcement level) to \$9.6 million (Full enforcement level). **Error! Reference source not found.** shows total projected costs ranging from \$6.0 million at the Minimum enforcement level to \$9.8 million at the Full enforcement level in FY 2026-27.

Table 4: Projected Costs, FY 2025-26

Enforce- ment Scenario	Position	Number of FTE	Annual Salary (d)	Salaries, General	Leasing (a)	Related Costs (b)	GASP (c)	Total
Minimum Level								
	Housing Investigator II	2	\$108,354	\$216,708	\$32,506	\$130,870	\$49,539	\$429,623
	Housing Investigator I	8	\$88,362	\$706,893	\$106,034	\$426,893	\$161,596	\$1,401,416
	Management Analyst	2	\$96,546	\$193,092	\$28,964	\$116,608	\$44,141	\$382,805
	Management Assistant	2	\$65,917	\$131,834	\$19,775	\$79,614	\$30,137	\$261,361
	Communications Information Representative II	4	\$76,644	\$306,577	\$45,987	\$185,142	\$70,084	\$607,790
	Senior Administrative Clerk	3	\$73,539	\$220,617	\$33,093	\$133,230	\$50,433	\$437,373
	Administrative Clerk	17	\$54,626	\$928,646	\$139,297	\$560,810	\$212,289	\$1,841,041
	Sub-Total	38		\$2,704,367	\$405,655	\$1,633,167	\$618,218	\$5,361,408
	Less Staff Vacancy Allowance @3%							-\$160,842
	Adjusted Staff and Overhead Costs							\$5,200,566
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$72,570
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$350,000
	Total Cost							\$5,873,136
Medium Level								
	Housing Investigator II	2	\$108,354	\$216,708	\$32,506	\$130,870	\$49,539	\$429,623
	Housing Investigator I	10	\$88,362	\$883,616	\$132,542	\$533,616	\$201,995	\$1,751,770
	Management Analyst	6	\$96,546	\$579,276	\$86,891	\$349,825	\$132,423	\$1,148,415
	Management Assistant	1	\$65,917	\$65,917	\$9,888	\$39,807	\$15,069	\$130,680
	Communications Information Representative II	6	\$76,644	\$459,866	\$68,980	\$277,713	\$105,125	\$911,685
	Senior Administrative Clerk	4	\$73,539	\$294,156	\$44,123	\$177,641	\$67,244	\$583,164
	Administrative Clerk	21	\$54,626	\$1,147,151	\$172,073	\$692,765	\$262,239	\$2,274,228
	Sub-Total	50		\$3,646,691	\$547,004	\$2,202,236	\$813,744	\$7,229,564
	Less Staff Vacancy Allowance @3%							-\$216,887
	Adjusted Staff and Overhead Costs							\$7,012,677
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$72,570
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$350,000
	Total Cost							\$7,685,247
Full Level								
	Housing Investigator II	2	\$108,354	\$216,708	\$32,506	\$130,870	\$49,539	\$429,623
	Housing Investigator I	15	\$88,362	\$1,325,425	\$198,814	\$800,424	\$302,992	\$2,627,654
	Management Analyst	7	\$96,546	\$675,822	\$101,373	\$408,129	\$154,493	\$1,339,817
	Management Assistant	2	\$65,917	\$131,834	\$19,775	\$79,614	\$30,137	\$261,361
	Communications Information Representative II	8	\$76,644	\$613,155	\$91,973	\$370,284	\$140,167	\$1,215,580
	Senior Administrative Clerk	5	\$73,539	\$367,695	\$55,154	\$222,051	\$84,055	\$728,954
	Administrative Clerk	24	\$54,626	\$1,311,030	\$196,655	\$791,731	\$299,701	\$2,599,117
	Sub-Total	63		\$4,641,668	\$696,250	\$2,803,103	\$1,034,577	\$9,202,107
	Less Staff Vacancy Allowance @3%							-\$276,063
	Adjusted Staff and Overhead Costs							\$8,926,044
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$72,570
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$350,000
	Total Cost							\$9,598,614

Notes:

(a) Lease overhead rate as % of salaries:	15.00%
(b) Related costs rate as % of salaries:	60.39%
(c) GASP rate as % of salaries:	22.86%

Source: LAHD, 2023.

Table 5: Projected Costs, FY 2026-27

Enforce- ment Scenario	Position	Number of FTE	Annual Salary	Salaries, General	Leasing (a)	Related Costs (b)	GASP (c)	Total
Minimum Level								
	Housing Investigator II	2	\$111,605	\$223,209	\$33,481	\$134,796	\$51,026	\$442,512
	Housing Investigator I	8	\$91,012	\$728,100	\$109,215	\$439,700	\$166,444	\$1,443,458
	Management Analyst	2	\$99,442	\$198,885	\$29,833	\$120,107	\$45,465	\$394,289
	Management Assistant	2	\$67,894	\$135,789	\$20,368	\$82,003	\$31,041	\$269,201
	Communications Information Representative II	4	\$78,944	\$315,775	\$47,366	\$190,696	\$72,186	\$626,023
	Senior Administrative Clerk	3	\$75,745	\$227,235	\$34,085	\$137,227	\$51,946	\$450,494
	Administrative Clerk	17	\$56,265	\$956,506	\$143,476	\$577,634	\$218,657	\$1,896,273
	Sub-Total	38		\$2,785,498	\$398,589	\$1,682,162	\$607,450	\$5,522,251
	Less Staff Vacancy Allowance @3%							-\$165,668
	Adjusted Staff and Overhead Costs							\$5,356,583
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$76,500
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$275,000
	Total Cost							\$5,958,083
Medium Level								
	Housing Investigator II	2	\$111,605	\$223,209	\$33,481	\$134,796	\$51,026	\$442,512
	Housing Investigator I	10	\$91,012	\$910,125	\$136,519	\$549,624	\$208,055	\$1,804,323
	Management Analyst	6	\$99,442	\$596,654	\$89,498	\$360,320	\$136,395	\$1,182,867
	Management Assistant	1	\$67,894	\$67,894	\$10,184	\$41,001	\$15,521	\$134,601
	Communications Information Representative II	6	\$78,944	\$473,662	\$71,049	\$286,045	\$108,279	\$939,035
	Senior Administrative Clerk	4	\$75,745	\$302,980	\$45,447	\$182,970	\$69,261	\$600,658
	Administrative Clerk	21	\$56,265	\$1,181,566	\$177,235	\$713,548	\$270,106	\$2,342,454
	Sub-Total	50		\$3,756,091	\$563,414	\$2,268,303	\$813,744	\$7,446,451
	Less Staff Vacancy Allowance @3%							-\$223,394
	Adjusted Staff and Overhead Costs							\$7,223,057
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$76,500
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$275,000
	Total Cost							\$7,824,557
Full Level								
	Housing Investigator II	2	\$111,605	\$223,209	\$33,481	\$134,796	\$51,026	\$442,512
	Housing Investigator I	15	\$91,012	\$1,365,187	\$204,778	\$824,437	\$312,082	\$2,706,484
	Management Analyst	7	\$99,442	\$696,097	\$104,415	\$420,373	\$159,128	\$1,380,012
	Management Assistant	2	\$67,894	\$135,789	\$20,368	\$82,003	\$31,041	\$269,201
	Communications Information Representative II	8	\$78,944	\$631,550	\$94,732	\$381,393	\$144,372	\$1,252,047
	Senior Administrative Clerk	5	\$75,745	\$378,725	\$56,809	\$228,712	\$86,577	\$750,823
	Administrative Clerk	24	\$56,265	\$1,350,361	\$202,554	\$815,483	\$308,693	\$2,677,091
	Sub-Total	63		\$4,780,918	\$717,138	\$2,887,196	\$1,034,577	\$9,478,170
	Less Staff Vacancy Allowance @3%							-\$284,345
	Adjusted Staff and Overhead Costs							\$9,193,825
	Direct Cost - Dashboard & Systems Development and Maintenance							\$250,000
	Direct Cost - Postage and Mailings							\$76,500
	Direct Cost - Media Outreach/Education, New Tenant Protections							\$275,000
	Total Cost							\$9,795,325

Notes:

(a) Lease overhead rate as % of salaries:	15.00%
(b) Related costs rate as % of salaries:	60.39%
(c) GASP rate as % of salaries:	22.86%

Source: LAHD, 2023.

Cost Recovery Fee Calculations

Table 6 on the following page summarizes the total costs, by enforcement level, for each of the three fiscal years along with the estimated total covered units in each fiscal year. For each fiscal year and enforcement scenario, there is a calculation of an allowance for exemptions and non-compliance, to estimate the net number of housing units paying fees under each scenario. Based on LAHD's experience administering existing programs, Table 6 estimates that the exemptions and non-compliance will reduce the covered units by ten percent in Fiscal Year 2024-25 and that as property owners become more familiar with the program, this factor will reduce to 7.5 percent in subsequent fiscal years. For each fiscal year, the total program costs under each enforcement scenario are divided by the net number of units paying fees, to arrive at the average cost per unit.

Finally, the bottom section of the table calculates the average cost per unit averaged over the three-year period. This represents the recommended cost recovery fee level for Additional Tenant Protections, for the FY 2024-25 to FY 2026-27 period, depending on the enforcement level that is to be implemented. As shown at the bottom of the table, the recommended annual fee per unit ranges from \$25.27 under the Minimum enforcement level scenario to \$28.45 under the Medium enforcement scenario. The recommended fee of \$27.48 under the Full enforcement scenario is slightly lower than the fee for the Medium enforcement scenario because, while total annual program costs rise substantially, there is a more significant increase in the number of covered units, which yields a modest decrease in the average cost per unit. Costs for the Medium enforcement scenario are the highest of the three because, while there is a substantial increase in total program costs versus the Minimum enforcement scenario, there is a more limited increase in the number of covered units.

The above fee levels assume that a single enforcement level would be implemented over all three fiscal years shown. Recommended fee levels could be modified if LAHD decides to ramp up enforcement over time. For example, if LAHD chooses to begin enforcement at the minimum level in 2024-25, increase to medium enforcement in 2025-26, and then to full enforcement in 2026-27, LAHD may wish to consider averaging the minimum per unit enforcement costs for 2024-25, the medium enforcement costs for 2025-26, and the full enforcement costs for 2026-27 to arrive at a fee of \$27.23 per unit for the three-year period.

Table 6: Average Cost/Year/Unit, FY 2024-25 to FY 2026-27

FY 2024/25			
	Enforcement Scenario		
	Minimum	Medium	Full
Total Program Costs	\$6,159,893	\$7,919,224	\$9,776,862
Covered Units	254,974	295,080	381,173
Less Allowance for Exemptions/Non-Compliance (a)	(25,497)	(29,508)	(38,117)
Net Units Paying Fees	229,477	265,572	343,056
Average Cost Per Unit	\$26.84	\$29.82	\$28.50
FY 2025/26			
	Enforcement Scenario		
	Minimum	Medium	Full
Total Program Costs	\$5,873,136	\$7,685,247	\$9,598,614
Covered Units	258,805	299,424	386,013
Less Allowance for Exemptions/Non-Compliance (a)	(19,410)	(22,457)	(28,951)
Net Units Paying Fees	239,394	276,967	357,062
Average Cost Per Unit	\$24.53	\$27.75	\$26.88
FY 2026/27			
	Enforcement Scenario		
	Minimum	Medium	Full
Total Program Costs	\$5,958,083	\$7,824,557	\$9,795,325
Covered Units	262,693	303,832	390,920
Less Allowance for Exemptions/Non-Compliance (a)	(19,702)	(22,787)	(29,319)
Net Units Paying Fees	242,991	281,045	361,601
Average Cost Per Unit	\$24.52	\$27.84	\$27.09
TOTAL, 24/25 TO 26/27			
	Enforcement Scenario		
	Minimum	Medium	Full
Total Program Costs Over 3 Years	\$17,991,113	\$23,429,029	\$29,170,800
Net Units Paying Fees Over 3 Years (b)	711,862	823,584	1,061,719
AVERAGE COST/UNIT PER YEAR	\$25.27	\$28.45	\$27.48

Notes:

(a) Assumes 10.0% of units will be exempt or non-compliant in FY 2024/25 and 7.5% of units will be exempt or non-compliant in subsequent years.

(b) Covered units over 3 years

Sources: LAHD, BAE, 2023.

Attachment A: Additional Tenant Protections Services by Enforcement Level

Services by Enforcement Level			
Service/Activity	Full	Medium	Minimum
<i>Hotline/Customer Service Counters</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Billing/Registration of Rental Units</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Registration of Rent Levels</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Status Determination</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Evictions Filing/Tracking System Maintenance</i>	Applies to All Units	Applies to All Units	Applies to All Units
<i>Evictions Protections/BuyOut (Landlord Decs) – Complaint Intake & Investigations</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Enforcement & Investigations of Illegal Rent Increases/Evictions/Relocation/TAHO</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only
<i>Hearings/RAC</i>	Applies to All Units	All Multi-Family Units & Corporate Owned Condos & SFD's	Multi-Family Units Only

Source: LAHD, 2023

Attachment B: City of Los Angeles and Los Angeles County Housing Unit Growth, 2000-2023

DOF E-5 Housing Units (May 2023)	Growth Trend				Growth Rate
	2020	2021	2022	2023	2020-2023
City of LA	1,496,453	1,512,179	1,526,672	1,546,228	1.10%
Single-Family	643,647	645,854	647,354	654,836	0.58%
Multifamily	843,340	856,857	869,850	881,924	1.50%
Other	9,466	9,468	9,468	9,468	0.01%
LA County	3,591,981	3,612,856	3,635,237	3,664,182	0.67%
Single-Family	1,982,754	1,987,089	1,991,896	2,004,733	0.37%
Multifamily	1,552,981	1,569,482	1,587,048	1,603,151	1.07%
Other	56,246	56,285	56,293	56,298	0.03%

Sources: California Department of Finance, Report E-5 (May 2023); BAE, 2023.

**Just Cause Fee Comparison
in California Cities**

	San José (Proposed FY 2024-25)	Los Angeles County	Oakland	San Francisco	Santa Monica	Berkeley	Inglewood	Richmond	Mountain View
Population	1,015,785	1,057,162	413,775	873,965	93,076	124,321	107,762	116,448	82,376
Effective Date	Sept. 1979	Apr. 2020	Jan. 1983	Jun. 1979	Apr. 1979	Jun. 1980	Nov. 2019	Jan. 2017	Dec. 2016
# of Units	38,421	55,500	80,000*	173,000*	27,500*	19,000	23,000*	7,775	15,000*
# of Just Cause Only Units	47,572	66,790	n/a	n/a	n/a	7,000	n/a	10,700	n/a
Annual Allowable Increase	5%	100% CPI-U (3% - 8%)	60% CPI-U (cap 3%)	60% CPI-U (cap 7%)	75% CPI-U	65% CPI-U	>5 units = 3% or CPI-U	100% CPI- U	100% CPI-U (2% - 5%)
Per Unit Fee	\$76	\$90	\$101	\$59	\$228	\$290	\$184	\$220	\$108
Annual Per-Unit Fee Just Cause only	\$28	\$30	--	--	--	\$178	--	\$125	--
Same fee for all units?	no	no	yes	yes	no	no	yes	no	yes
Fee Cost per Unit per Month	\$6.33 / \$2.33	\$7.50 / \$2.50	\$8.42	\$4.92	\$19.00	\$24.17 / \$14.83	\$15.33	\$ 18.33 / \$10.41	\$13.50
# of Full-time Staff	20	n/a	26	50	24	25	17	13	7
# of Units per Staff	4,300**	n/a	3,077	3,460	1,146	1,040	1,353	1,421	2,143
Staff per 1,000 Units	0.23**	n/a	0.32	0.29	0.87	0.96	0.74	0.65	0.47

**Total number includes just cause only units*