

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. 187737 – 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

Enforcement 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 Table 5 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). Table 5 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

Enforcement 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.