

Ann Sewill, General Manager
Tricia Keane, Executive Officer

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd, Ste 300
Los Angeles, CA 90026
Tel: 866.557.7368

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

housing.lacity.org

Karen Bass, Mayor

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Council District: Citywide
Contact Person(s): Tricia Keane
Greg Spiegel

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: SUPPLEMENTAL REPORT IN SUPPORT OF TENANT PROTECTIONS IN SOUTH LA CPIO

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this report to provide supplemental information in support of the heightened tenant protections contained in the South Los Angeles Community Plan Implementation Overlay (South LA CPIO) ordinance to prevent illegal and unwanted tenant displacement in the area subject to the South LA CPIO.

RECOMMENDATIONS

The General Manager of LAHD respectfully requests that the Mayor and Council RECEIVE and FILE this report as it provides additional information in support of the South LA CPIO.

BACKGROUND

On January 10, 2023, the City Council requested an ordinance be prepared and presented that would make various amendments to the South LA CPIO intended to address residential tenant displacement and the preservation of affordable housing (Council File (CF) No. 20-1265-S1). Subsequently, on January 25, 2023, the City Council adopted the Planning and Land Use Management Committee Report relative to incorporating additional recommendations to the amendments of the South LA CPIO Ordinance which seeks to address displacement of residential tenants and preservation of affordable housing within the area covered by the ordinance. Subsequently, LAHD worked with the City Attorney's Office and the City Planning Department to incorporate the PLUM Committee's instructions and City Council direction to add and strengthen proposed tenant protections to the South LA CPIO.

The draft ordinance creates a new “CPIO Protected Unit Area,” as depicted in Figures V-1 and V-2 of the South LA CPIO, in portions of the South LA CPIO Residential Subarea in which expanded tenant protections would apply. The draft ordinance establishes an “Anti-Harassment Violators Database,” the first of its kind, that would be maintained by LAHD to track tenant harassment enforcement actions and would allow the City to monitor, withhold, or revoke a demolition permit and a South LA CPIO approval in the CPIO Protected Unit Area for an owner who has been found to have committed unlawful tenant harassment anywhere in the City. The draft ordinance further expands tenant notification requirements regarding the right to return and replacement units, provides additional tenant protections, and establishes a private right of action to enforce all tenant protections that apply in the CPIO Protected Unit Area.

DISCUSSION

The following provides additional information to support the adoption of heightened tenant protections in the CPIO Protected Unit Area. Certain limited exceptions for the purpose of encouraging diverse types and sizes of potential housing are included in the proposed ordinance based on community and stakeholder input.

- 1. The neighborhoods that include the South LA CPIO’s Designated Residential Subareas are historically among the City’s lowest-income, lowest-resource, and have the highest concentration of non-white racial/ethnic groups.**

Based on 2022 American Community Survey 5-year summary data, the 22 census tracts that include the South LA CPIO Designated Residential Subareas had a median income of \$56,456 compared to \$83,073 citywide, and 100% of the census tracts are considered by the State to be “low resource,” meaning the area has some of the highest poverty rates, lowest educational attainment, and lowest employment levels in the State. Additionally, 20% of the census tracts in the area are considered to be “high poverty and high segregation,” meaning the census tracts have 30% or more of the population below the federal poverty line and have a higher concentration of non-white racial/ethnic groups than the rest of Los Angeles County.

- 2. In recent years, the area that includes the South LA CPIO’s Designated Residential Subareas has experienced a significant influx of market-rate housing construction and increasing rents.**

Due to the area's proximity to the Metro line that connects Downtown Los Angeles and the City of Santa Monica as well as the ongoing market pressure to increase housing for students attending the University of Southern California (USC), market-rate housing development has substantially increased in the area. The Exposition Park neighborhood (located in the South LA CPIO Subarea) is considered to be in the top two market tier categories in the City, meaning the area has some of the City’s highest rates of multifamily construction and highest rental rates. The Exposition Park area is the only neighborhood in the City that is considered both entirely “low resource” by the State and “higher market tier” (see map in Attachment 1). The combination of the area having high rates of market construction and high rental rates places heightened displacement pressures on low-income tenants.

3. The increased development in the area is correlated with increasing legal and illegal displacement of lower-income residents, and an influx of higher-income residents.

For low-income renters in the South LA CPIO, the combination of increased construction and increasing rents (both reflected in being in the top two market tiers in the City), have heightened displacement pressure on low-income residents. According to data compiled by USC's Neighborhood Data for Social Change, the Exposition Park community consistently has one of the highest rates of Ellis Act evictions in the City (USC Neighborhood Data for Social Change Dashboard (<https://map.myneighborhooddata.org/?pa=75>)). Because owners typically file an Ellis Act application to evict tenants in an occupied rental building in order to empty the existing building to facilitate its demolition and redevelopment, the high rates of Ellis Act evictions correlate to redevelopment-triggered displacement.

While most owners use the appropriate legal process to displace tenants from occupied buildings, some owners go outside the legal process, in some cases by harassing tenants out of their buildings to avoid the legal and relocation costs. Because Ellis Act evictions are no-fault evictions, the tenant is entitled to relocation benefits. To legally displace the tenant, a law-abiding owner incurs costs to file the Ellis Act application, to pursue the Ellis Act evictions, and to pay relocation. These costs can be more than ten thousand dollars per household, and much more for households with seniors, people with disabilities, children, or low-income households who are eligible for larger relocation payments.

For an unscrupulous owner, it is cheaper to harass a tenant out of a building than it is to go through the legal process. And because the relocation costs are greater for households with seniors, people with disabilities, children, and low-income households, these households are more likely to be targeted for displacement by harassment. However, owner harassment of tenants is unlawful under the City's Tenant Anti-Harassment Ordinance. Behavior similar to that covered under the City's Tenant Anti-Harassment Ordinance may also be unlawful under California Civil Code Sections 1940.2, 1942.4, and 1942.

The City's data on tenant harassment complaints confirms that the South LA CPIO area is seeing a disproportionately high number of tenant complaints of owner harassment. Between September 2021 and January 2024, there were 9,846 tenant complaints of harassment occurring in 112 zip codes, citywide. Of the five zip codes intersecting the South LA CPIO (90007, 90018, 90037, 90044, and 90062 (with the largest overlap in zip code 90037)), three were in the top ten zip codes for numbers of harassment complaints.

The displacement of the area's lower-income renters has been correlated with an inflow of higher income households. Between 2010 to 2019, the number of households earning over \$100,000 in the USC area more than doubled, from 5% to 11% (Household Income Groups in 2010 and 2019 <https://la.myneighborhooddata.org/2021/10/home-affordability-in-the-usc-area/>).

4. This proposed amendment to the South LA CPIO District implicates the State's mandate that the City Affirmatively Further Fair Housing.

This historically low-resource, high racial/ethnic segregation area, is experiencing a rapid population change evidenced by the increased legal and illegal displacement of its low-income residents and the influx of high-income households. Because of these rapid changes, the California Housing and Community Development's (HCD) has flagged several census tracts in its Neighborhood Change Map (see map in Attachment 2).

According to the HCD, the Neighborhood Change Map:

“[I]dentifies places where demographic change presents both challenges and opportunities for advancing several AFFH objectives, including advancing racial and economic integration and addressing disproportionate housing needs. The map captures both substantial racial/ethnic demographic change (growth in the non-Hispanic white share of the population) and economic demographic change (growth in the share of high-income households), as well as markers of disproportionate housing needs (rising median rents and the home value/income percentile gap).”

According to HCD, the purpose of the Neighborhood Change Map is to:

“Inform policies which seek to stabilize neighborhood choice in places that are undergoing or have undergone substantial demographic change, and thus have the potential for advancing the AFFH objectives of (1) racial and economic integration, but are at risk of experiencing losses in the historic population of people of color (POC) and/or low-income residents, thus providing the opportunity to advance the AFFH goal of (2) addressing disproportionate housing needs through displacement prevention.”

(Methodology for Neighborhood Change Mapping. April 2024. Tool

<https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/neighborhood-change-map-methodology.pdf>.) All of the census tracts included in the South LA CPIO's Designated Residential Subareas

are either considered “rapidly changing” by the State or located in close proximity to census tracts considered “rapidly changing.” Being located in, or in close proximity to, rapidly changing census tracts increases pressure on existing neighborhoods and residents that can result in displacement. As such, the City furthers its obligation to Affirmatively Furthering Fair Housing in these areas by protecting the ability of its historic population of people of color and low-income residents to remain in their community.

The obligation to Affirmatively Furthering Fair Housing requires that the City:

“Tak[e] meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together: (1) address significant disparities in housing needs and in access to opportunity; (2) replac[e] segregated living patterns with truly integrated and balanced living patterns; (3) transform racially and ethnically concentrated areas of poverty into areas of opportunity; and (4) foster and maintain compliance with civil rights and fair housing laws.”

<https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/neighborhood-change-map-methodology.pdf>.)

5. **The tenant protections in the South LA CPIO are intended to reduce the likelihood of unlawful displacement, disincentivize unlawful harassment, and help to fulfill the City’s obligation to meet the State’s mandate to Affirmatively Furthering Fair Housing.**

Providing tenants with more notice about their rights to remain, to return, and for relocation benefits and support, will increase the likelihood that the tenants can assert these rights in a meaningful way and help to prevent unwanted displacement. Similarly, increasing the consequences of committing illegal harassment on an owner who illegally harasses tenants, by withholding or revoking a demolition permit or CPIO approval, deters harassment, and thus helps to prevent illegal displacement. Providing tenants with a private right of action offers tenants a potential remedy when their rights are violated. In these ways, the City seeks to affirmatively further fair housing for impacted tenants.

The Housing Department will maintain the “Anti-Harassment Violators Database” (Database). As set forth in the proposed ordinance, LAHD shall place a beneficial owner of a property into the Database when:

- a. A final judgment has been issued against the beneficial owner within the last five years for unlawful tenant harassment under the City’s Tenant Anti-Harassment Ordinance, or similar actions within City limits under California Civil Code Section 1940.2, 1942.4, or 1942.5; or
- b. The City has either (A) issued three paid and final citations for TAHO violations at properties in the City against the beneficial owner within the last ten years for which all appellate remedies have expired, or (B) issued one paid and final citation for TAHO violations at a property within any Designated Residential Subarea against the beneficial owner within the last five years for which all appellate remedies have expired; or
- c. A final judgment has been issued against the beneficial owner within the last five years for wrongfully or illegally evicting a tenant within City limits, or causing a tenant to involuntarily quit within City limits in violation of local or State law.

The Database applies to beneficial owners to ensure that all owners that benefit from illegal harassment bear the consequences of the illegal harassment. When LAHD determines that a beneficial owner has met the criteria to be placed into the Database, LAHD mails a Notice of Determination to the known beneficial owners informing the beneficial owners of the basis for that determination, their right to a review of that determination, and the potential consequences of that determination under the South LA CPIO ordinance.

The beneficial owner is placed into the Database for a period of five years after the most recent court or City finding of harassment or illegal eviction becomes final. If during the five year period, the beneficial owner gets an additional citation or court finding, the period extends to five years after the most recent finding is final.

Within 14 days of the issuance of the Notice of Determination, the beneficial owner can request review by LAHD. The review shall be limited to whether the beneficial owner has satisfied the criteria for being placed

on the Database. The review does not reconsider whether the underlying harassment findings actually occurred or how serious they were, as that issue is resolved in the underlying court or citation proceedings. Within 30 days of the review, LAHD provides written notice to the beneficial owner of the outcome. If LAHD upholds its determination, the beneficial owner may seek judicial review by writ of mandamus in State court.

After the determination to be placed on the Database is final, LAHD provides written notice to the Departments of City Planning and Building and Safety. In addition, on a regular basis, LAHD will make available the necessary information to the Department of City Planning to be uploaded to Zimas on properties within the South LA CPIO's Designated Residential Subareas.

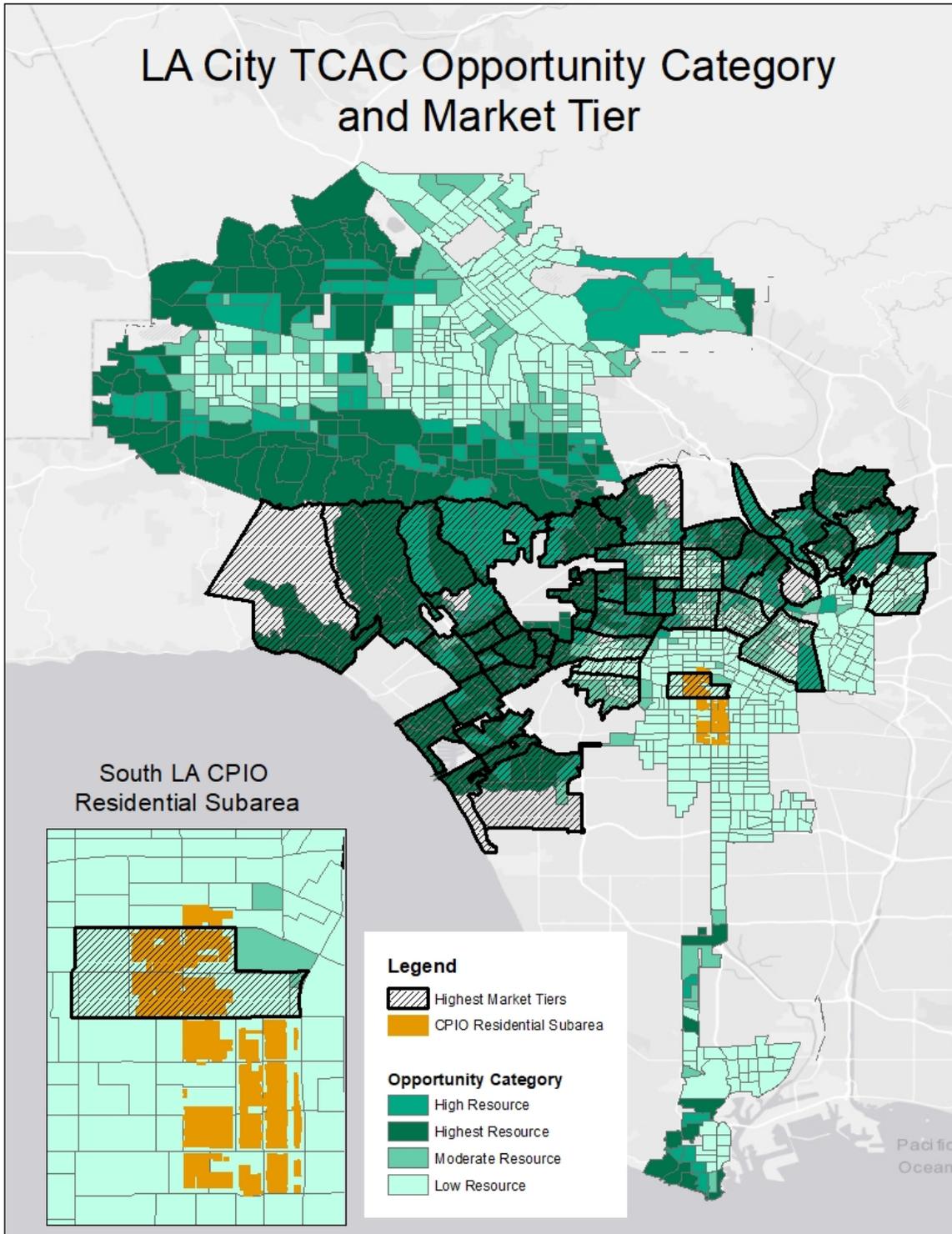
When a beneficial owner who is in the Database seeks a demolition permit or CPIO approval on a property within the South LA CPIO's Designated Residential Subareas, the demolition permit or CPIO approval shall be denied. If they have an approved demolition permit or CPIO approval, that approval shall be withdrawn. This will not apply where the demolition permit is necessary to comply with a Department of Building and Safety order. When a beneficial owner commits harassment at a property within the South LA CPIO's Designated Residential Subareas, the limitation on permits and CPIO approvals passes with the sale of the land to the new owner, unless the new owner is developing a publicly funded affordable housing project on the site, with at least 50% of the units in that project covenanted to be affordable.

Approved By:

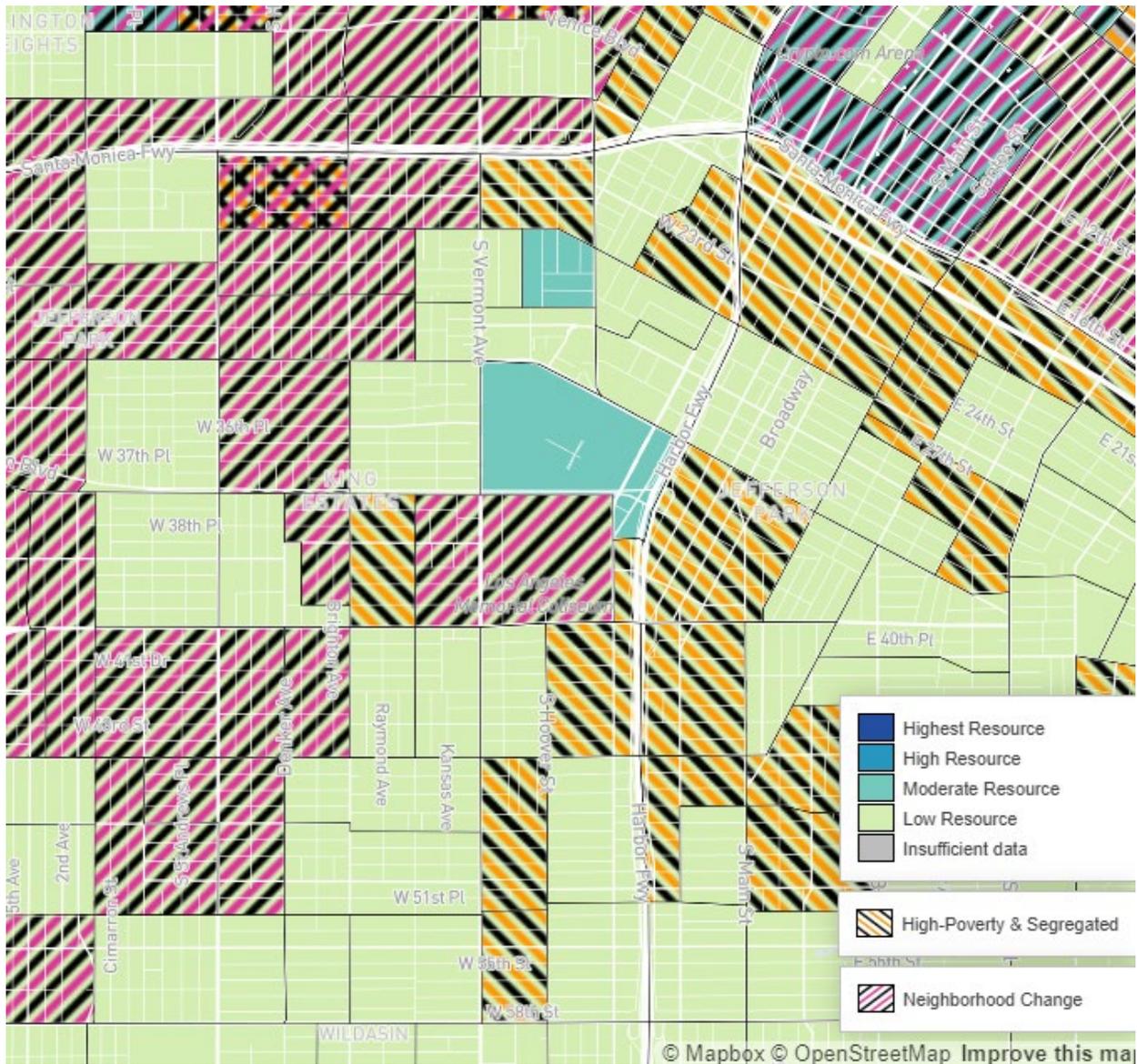


ANN SEWILL
General Manager
Los Angeles Housing Department

Attachment 1 - HCD/TCAC Opportunity Categories



Attachment 2 - HCD/TCAC Rapidly Changing Areas



<https://belonging.berkeley.edu/2024-hcd-affh-mapping-tool>