


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: June 8, 2021

To: Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Chair, Transportation Committee

From: Seleta J. Reynolds, General Manager 
Department of Transportation

Subject: **EXPANDING AND BROADENING ECONOMIC HARDSHIP RELIEF PROGRAMS FOR
MOTORISTS WITH PARKING FINES**

SUMMARY

This report summarizes the Los Angeles Department of Transportation's (LADOT's) findings to expand and broaden economic hardship relief programs for persons who received parking fines (Council File 20-1365).

RECOMMENDATIONS

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

1. DIRECT LADOT to increase the low-income installment payment plans qualifying criteria of household income to 150% of the Federal Poverty Rate to expand access to the payment plans;
2. DIRECT LADOT to develop standards for a separate general installment payment plan that allows any motorist to qualify, regardless of income; and
3. AUTHORIZE LADOT to continue the Unemployment Penalty Waiver and Citation Amnesty Programs until December 31, 2021.

BACKGROUND

On October 15, 2020, LADOT resumed parking enforcement for most violations that City Council and the Mayor suspended during the initial months of the COVID-19 pandemic. Several existing programs for people experiencing economic hardship, including for people experiencing homelessness and low-income households, were immediately available to assist motorists during the onset of the pandemic. To broaden financial support for individuals experiencing hardship, LADOT, at the direction of the Mayor, implemented three new equity-based parking citation relief programs:

1. *Citation Amnesty Program* - Grants motorists a one-time opportunity to reduce late fees owed on parking citations over three years old.
2. *Unemployment Penalty Waiver* - Allows registered vehicle owners who lost their job during the COVID-19 pandemic to have accrued parking citation penalties removed upon submission of proof of unemployment benefits.
3. *Early Pay LA* - An incentive program that provides a \$20 discount to those who make early citation payments within 48 hours from the issuance date on eligible violations only.

On October 21, 2020, City Council requested LADOT to report on expanding and broadening the economic hardship relief programs for persons who received parking fines by examining economic hardship relief programs offered by other agencies and their criteria used to qualify individuals. City Council requested that the report include data on the number and percentage of applications for low-income payment plans which the Department denied and reasons for the denial; the number of incomplete applications for low-income payment plans; the number of late unpaid citations; and an estimate of the percentage of unpaid citations due to economic hardship.

This report provides further detail and performance data for each financial relief program and proposes new ways to expand the programs recommended for extension.

DISCUSSION

Existing Parking Relief Programs

Prior to the COVID-19 pandemic, LADOT provided economic relief programs geared towards alleviating the financial strain of parking citation debt for disadvantaged residents. The programs included the Community Assistance Parking Program (CAPP) and Installment Payment Plans (IPPs).

CAPP: A program for individuals experiencing homelessness. CAPP allows participants to reconcile parking citations through volunteer community service or through enrollment in a homeless service program. Through the three years of the program leading up to the end of April 2021, participants completed 18,400 of community service hours. This represents 1,325 vehicle plates and 4,462 citations, with a total amount of \$713,515 converted to community service hours.

LADOT continues to refine CAPP application procedures and broaden the outreach of the program. In December 2020, LADOT added new ticket language to the bottom of every parking citation issued informing those who are experiencing homelessness to inquire about the CAPP program. During the onset of the pandemic, LADOT worked with various service provider agencies to offer virtual community service, where individuals could satisfy their hours with online courses, training, and/or seminars.

IPPs: The City of Los Angeles offered parking citation payment plans for over 20 years for eligible low-income individuals. In July 2018, LADOT expanded the IPPs to indigent and eligible low-income motorists whose financial situation qualifies them under the guidelines in the Federal Register by the United States Department of Health and Human Services under the authority of paragraph (2) of Section 9902 of Title 42 of the United States Code. Qualified individuals must fall within the monthly income of 125% or less of the current poverty guidelines, and/or receive public assistance benefits. If qualified, a motorist may be eligible for one of three available IPPs:

1. *General IPP* - Motorists may enroll at any point during the citation lifecycle. The amount due can be paid in installments over a three-month period with a first installment of 60% of the total due, followed by two installments of 20% of the total remaining.
2. *Extended Low-income Plan (ELP)* - Motorists with under \$500 in base fines can pay monthly installments over 24 months with no penalties or DMV restrictions.
3. *Extended Low-income Plan Plus (ELP+)* - Motorists with over \$500 in base fines can pay monthly installments over 24 months with no DMV restrictions.

Council directed LADOT to provide data on several metrics related to the existing installment payment plans, as detailed below:

1. *The number and percentage of applications for low-income payment plans who are denied and the reasons for the denial.*

The Parking Violations Bureau received 8,913 applications in calendar year 2020. We denied approximately 18% or 1,643 due to ineligibility, mainly due to incomplete paperwork of the application, missed deadline to apply (in January 2021, LADOT eliminated the deadline to further alleviate this burden), and income requirements not met. LADOT does not track denials by category.

2. *The number of incomplete applications for low-income payment plans.*

The majority of denials reported by the Parking Violations Bureau are due to incomplete applications. When an applicant is denied, a notice with information about eligibility and documentation requirements is mailed to them and they are afforded an opportunity to reapply.

3. *The number of late unpaid citations.*

The total number of plans that defaulted in 2020 was 992 out of 2,463 total plans and the total number of citations associated with those defaulted plans was approximately 4,667. Note that some payment plans may have been partially fulfilled before the motorist defaulted on the plan.

4. *An estimate of the percentage of unpaid citations that are due to economic hardship.*

Motorists do not provide the City a reason why citations go unpaid. Therefore, LADOT cannot provide a percentage of unpaid citations that are due to economic hardship.

Expanding the Parking Relief Programs

At the direction of the City Council, LADOT evaluated the effective reach of its parking fine relief programs to see if there are additional motorists that should be eligible, but are unable to qualify under current rules.

As LADOT continues to improve and refine the installment payment plan options, the Department exceeded State legislation requirements and eliminated the cutoff date to apply for an installment plan in January 2021. Prior to the change, motorists had 60 days from the date of citation issuance or 10 days after an administrative appeal, to apply for an installment plan. By eliminating the deadline, motorists no longer forfeit their right to request an installment plan due to any hardships they might have been experiencing that may have impacted their ability to apply in a timely manner.

We compared payment plans locally and among other metropolitan cities such as Chicago, Philadelphia, San Francisco, and Washington D.C. Local cities either did not have substantially different payment plan options or had more restrictive requirements. San Francisco has broader qualifying income levels for participation. Qualified individuals in San Francisco must fall within the monthly income of 200% or less of the current Federal poverty guidelines. As mentioned above, Los Angeles requires 125% or less of the current Federal poverty level, which is based on the California Vehicle Code's minimum required qualification levels. San Francisco's cost of living environment and median household income is far greater than the City of Los Angeles (nearly 77% more), which could be the attributing factor for the increase. Attached is a comparison chart of current qualifying income thresholds between the cities of Los Angeles and San Francisco (see Attachment A).

To broaden participation rates, LADOT proposes increasing the monthly income criteria to 150% of the Federal poverty level from the existing 125% of the Federal poverty level. By increasing the eligible income

limits, more low-income motorists will be afforded the opportunity to qualify for an IPP. Attachment A includes the proposed income levels at 150%.

The City of Chicago offers a Standard Non-Hardship Payment Plan for individuals, regardless of income levels. LADOT considered a similar open enrollment program to expand the range of payment plan options for qualifying motorists of any income level, with different qualifying factors and default outcomes (see Attachment B). A key component of this program would be to enable autocharge payments to the motorist's credit or debit cards to reduce the default rate. To develop this program, LADOT must follow National Automated Clearing House Association (NACHA) and Payment Card Industry (PCI) standards for autopay enrollment requirements and develop necessary programming to process and track plans accordingly. LADOT considers the Standard Non-Hardship Payment Plan as a longer term project to account for program development, testing, and costs. Preliminary estimates from the City's processing agency are \$75,000 to \$100,000 for programming and development costs. LADOT could implement the project with the release of a new citation processing Request For Proposals (RFP), which could affect cost estimates. The anticipated release for the RFP is Fiscal Year (FY) 2022.

Currently, people can make payments for citations and payment plans online, via PayTix, in-person, by phone, or by mail. PayTix is the mobile application provided by the Parking Violations Bureau. If installment plan options expand to include motorists of any income level, LADOT will develop an RFP to encourage a wide marketplace of payment apps.

In response to the economic fallout of the pandemic, LADOT launched the three previously mentioned new parking relief programs to further assist motorists: Citation Amnesty Program, Unemployment Waiver Program, and Early Pay LA. All three programs are set to expire on June 30, 2021.

1. *Citation Amnesty Program* – From August 2020 through April 2021, motorists paid a total of \$211,000 after LADOT waived late fees for citations older than three years. LADOT recommends continuing this program until December 31, 2021 to further assist the public and LADOT's effort to address difficult-to-collect citations.
2. *Unemployment Penalty Waiver* – From October 2020 through April 2021, nearly 2,000 motorists completed the waivers and were permitted to pay the base fine amount. LADOT reduced approximately \$200,000 in late penalty fines for those who qualified for the program. LADOT recommends continuing this program until December 31, 2021. The unemployment rate in the City of Los Angeles was 10.90% in April 2021. This exceeds the long-term average of 8.34% and indicates an ongoing need to provide economic relief.
3. *Early Pay LA* – From November 2, 2020 to April 2021, Early Pay LA increased early payment by two percent. In April 2021, the City discounted over \$1.1 million for eligible citations. LADOT does not recommend continuing this program beyond June 30, 2021. This program failed to increase the amount of citations paid early and furthermore does not appear to have benefited anyone other than those Angelenos who could already afford to pay their tickets. Further, the intended purpose of the program was to allow a short term opportunity for motorists to transition from receiving no citations for the specific violations during the relaxed enforcement period. The Department transitioned to near-regular enforcement levels in October 2020.

LADOT's parking payment relief programs are among the most progressive options available across the country. In 2020, LADOT received the National Parking Association's Innovative Organization of the Year Award for parking initiatives benefiting low-income and economically disadvantaged motorists, including those affected by the COVID-19 pandemic. LADOT continues to work closely with local community service

providers and industry to bring innovative technologies to help people participate in payment plans to Los Angeles, including convenient mobile application, streamlined eligibility process, options to manage and track payments, and new payment methods.

FISCAL IMPACT STATEMENT

The City's parking citation program is estimated to generate approximately \$94 million in General Fund revenue in FY 2021, which is a decrease of nearly \$22 million or 19% compared to FY 2020.

The COVID-19 related parking relief programs resulted in citation discounts of approximately \$1.5 million (\$1.1 million for Early Pay LA; \$200,000 for the Unemployment Penalty Waiver, and \$200,000 for Citation Amnesty) over the first eight months of implementation. At the current participation rates of these programs, LADOT estimates a total revenue loss of \$2.25 million this fiscal year. LADOT recommends continuing the COVID-19 Citation Amnesty and Unemployment Payment Waiver Programs through December 2021 and allowing the Early Pay Program to conclude on June 30, 2021.

LADOT recommends expanding the installment payment plan qualification requirements to 150% of the Federal poverty level. Expanding requirements for installment payment plans will improve revenue generation as data shows that existing payment plans with flexible options reduced default rates by nearly 75%. Increasing participation will extend revenue collection over a greater period of time.

Creating an installment payment plan for standard non-hardship motorists may increase revenue generation because the requirement to establish auto payment will reduce the likelihood for default. The cost to establish this program is between \$75,000 and \$100,000 for programming development costs. This amount could vary depending on anticipated RFP responses from potential processing agency bidders in FY 2022. LADOT will develop a cost estimate and revenue impact related to creating a general installment payment plan regardless of qualifying income and will consider requesting new resources for FY 2023.

SJR:JK:KH:mg

Attachments

Attachment A

Comparison between the cities of Los Angeles and San Francisco current qualifying income levels for parking citation payment plans:

	Los Angeles - 125%		San Francisco - 200%	
# in Household	2020 Monthly Guidelines	2020 Annual Guidelines	2020 Monthly Guidelines	2020 Annual Guidelines
1	\$1,329	\$15,950	\$2,127	\$25,520
2	\$1,796	\$21,550	\$2,873	\$34,480
3	\$2,263	\$27,150	\$3,620	\$43,440
4	\$2,729	\$32,750	\$4,367	\$52,400
5	\$3,196	\$38,350	\$5,113	\$61,360
6	\$3,663	\$43,950	\$5,860	\$70,320
7	\$4,129	\$49,550	\$6,607	\$79,280
8	\$4,596	\$55,150	\$7,353	\$88,240

Proposed increase to qualifying income levels for parking citation payment plans:

	Los Angeles - 150%	
# in Household	2020 Monthly Guidelines	2020 Annual Guidelines
1	\$1,595	\$19,140
2	\$2,155	\$25,860
3	\$2,715	\$32,580
4	\$3,275	\$39,300
5	\$3,835	\$46,020
6	\$4,395	\$52,740
7	\$4,955	\$59,460
8	\$5,515	\$66,180

Online Payment Plans			
	ELP	ELP+	*Open Enrollment Standard Non-Hardship
Eligible Violations	All	All	All
Term	Up to 24 months	Up to 24 months	Up to 12 months
Qualifications	<ul style="list-style-type: none"> • Income: Less than 150% of the Federal poverty rate (Link to table) • Qualifying documentation (Link to list) • Base citation amounts must total less than \$501 	<ul style="list-style-type: none"> • Income: Less than 150% of the Federal poverty rate (Link to table) • Qualifying documentation (Link to list) • Citation amounts must total more than \$501 	<ul style="list-style-type: none"> • Income: Any • Must provide credit card or debit account for autocharge or auto ACH payment
Enrollment Fee	\$5	\$5	\$5
Down Payment & Installments	<ul style="list-style-type: none"> • \$20 Down Payment • \$20 monthly installment 	<ul style="list-style-type: none"> • \$20 Down Payment • Balance/24 months 	<ul style="list-style-type: none"> • Equal Payments: Total debt divided by the number of months in the plan; • \$20: If the amount above is greater than \$25, the minimum down payment is \$20; • Custom: Any amount provided it is greater than the amounts in options (1) and (2).
Monthly Payment Restriction	Monthly installment payment cannot be less than \$20	Monthly installment payment cannot be less than \$20	Monthly installment payment cannot be less than \$20

Online Payment Plans			
	ELP	ELP+	*Open Enrollment Standard Non-Hardship
Multiple Payment Plans	No	No	No
Add Additional Tickets to Existing Plan	Yes Can extend plan term when adding tickets to a standard payment plan	Yes Can extend plan term when adding tickets to a standard payment plan	No
Consequences of Default	<ul style="list-style-type: none"> Prohibited from entering another Early payment plan for the same violations May become boot and/or suspension eligible Penalties will be assessed if the ticket is not paid in full One time monthly late allowance, \$5 fee to reactivate 	<ul style="list-style-type: none"> Prohibited from entering another Early payment plan for the same violations May become boot and/or suspension eligible Penalties will be assessed if the ticket is not paid in full One time monthly late allowance, \$5 fee to reactivate 	<ul style="list-style-type: none"> Default fee to account for chargeback fee Citation penalties will be reassessed May become boot and/or suspension eligible One time monthly late allowance, \$5 late fee to reactivate
Additional Benefit	<ul style="list-style-type: none"> No penalty is assessed on ticket(s) if you successfully complete the payment plan May enter multiple Early Payment plans if you received additional tickets DMV Hold removal Will prevent booting Penalties will be waived 	<ul style="list-style-type: none"> No penalty is assessed on ticket(s) if you successfully complete the payment plan May enter multiple Early Payment plans if you received additional tickets DMV Hold removal Will prevent booting 	<ul style="list-style-type: none"> Penalty 2 will be waived upon full payment If only Penalty 1 is assessed, it will be reduced by 40% upon full payment Citations enrolled will be suspended until payments are complete

* Requirements for the Open Enrollment Standard Non-hardship are proposed guidelines. This proposal is subject to review and may change after an extensive review by prospective parking citation processing agencies through the Request for Proposal process.