

# CITY OF LOS ANGELES

CALIFORNIA

KAREN E. KALFAYAN  
City Clerk



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MAYOR

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When making inquiries  
relative to this matter,  
please refer to the Council  
File No.

08-0644

May 19, 2008

Honorable Antonio Villaraigosa, Mayor  
Chief Legislative Analyst  
City Attorney  
Los Angeles Housing Department  
Community Redevelopment Agency

RE: AMENDING THE LOS ANGELES MUNICIPAL CODE TO REGULATE THE DEMOLITION AND  
CONVERSION OF RESIDENTIAL HOTEL UNITS

At the meeting of the Council held May 6, 2008, the following action was taken:

Attached report adopted .....	X
Attached amending motion (Perry - Parks) adopted .....	X
Attached resolution ( - ) adopted .....	
FORTHWITH .....	X
Mayor concurred .....	
To the Mayor FORTHWITH .....	X
Ordinance adopted .....	X
Ordinance number .....	179868
Publication date .....	05/20/08
Effective date .....	05/20/08
Attached motion (Perry - LaBonge) adopted as amended .....	X
Mayor approved .....	05/15/08
Findings adopted .....	X
Negative Declaration adopted .....	
Exemption approved .....	X

*Karen E. Kalfayan*

City Clerk  
srb

## VERBAL MOTION

I HEREBY MOVE that Council ADOPT the following recommendations of the City Attorney (Item #6, Council file 08-0644) relative to amending the Los Angeles Municipal Code to regulate the demolition and conversion of residential hotel units, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that adoption of the ordinance is exempt from the provisions of the California Environmental Quality Act (CEQA) under Article 18, Section 15060(c) (2) of the State CEQA Guidelines and Article II, Section 2(m) of the City CEQA Guidelines.
2. FIND:
  - a. There is a severe shortage of decent, safe and sanitary rental housing in the City of Los Angeles and this shortage most severely affects elderly, disabled and low-income persons.
  - b. Many elderly, disabled and low-income persons reside in residential hotel units.
  - c. The Los Angeles Housing Department (LAHD) currently designates 336 hotels as residential hotels, which contain 18,739 units in the City of Los Angeles. An additional survey of residential hotels billed for annual fees by the LAHD in 2006, revealed that 87 percent of residential hotels did not request exemptions for tourist units.
  - d. As a result of the removal of residential hotel units from the rental housing market, a housing emergency exists within the City of Los Angeles, acutely impacting elderly, disabled and low-income persons.
  - e. Residential hotel units are endangered housing resources and must be protected.
  - f. The Los Angeles City Council recognized the housing emergency caused by the loss of residential hotel units and enacted an ordinance that established a moratorium on the demolition or conversion of residential hotel units to any other use. This Interim Control Ordinance became effective on May 24, 2006.
  - g. The conversion and demolition of residential hotel units affect those persons who are least able to cope with displacement in the City of Los Angeles' housing market.
  - h. It is in the public interest that the conversion and demolition of residential hotel units be regulated. Furthermore, in order to protect the resident tenants and to conserve limited housing resources, remedies must be provided where unlawful conversion or demolition has occurred.

3. PRESENT and ADOPT the accompanying ORDINANCE adding Article 7.1 to Chapter IV of the Los Angeles Municipal Code (LAMC) and amending Sections 91.106.4.1, 151.06, and 151.09 of the LAMC to regulate the demolition and conversion of residential hotel units.

PRESENTED BY \_\_\_\_\_  
JAN PERRY  
Councilmember, 9<sup>th</sup> District

PRESENTED BY \_\_\_\_\_  
TOM LABONGE  
Councilmember, 4<sup>th</sup> District

May 6, 2008

CF 08-0644

*Motion, Findings & Ordinance*  
**ADOPTED**  
*\* AS AMENDED*  
MAY 06 2008  
*SEE ATTACHED Motion*  
LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH  
*EXEMPT APPROVED*

MOTION

I MOVE that the matter of hearing protests, exemption and Ordinance First Consideration relative to amending the Los Angeles Municipal Code (LAMC) to regulate the demolition and conversion of residential hotel units, Item No. 6 on today's Agenda (C.F. 08-0644) BE AMENDED to present and adopt the attached Ordinance in lieu of the Ordinance attached to the File. The new Ordinance includes the following changes:

1. Substitute the following for Section 47.74 (B) (4):
  - "4. Consisted entirely of Residential Units that were rented or offered for rent for periods of no less than 30 days from October 11, 1995, to the effective date of the article. This exemption applies only to Residential Hotels containing 55 or fewer units."
2. Substitute the following for Section 47.78 (A) (3) (Section 47.78 (A) (3)(a)-(3)(b)(iii) remain as proposed):
  - "3. Convert Residential Units to units that are either light housekeeping rooms, efficiency dwelling units or dwelling units, and which shall be subject to a regulatory agreement filed with the Los Angeles County Recorder guaranteeing for a period of at least 55 years that at least ten percent of the units shall be affordable to households with income no greater than 30 percent of Area Median Income, at least an additional 40 percent of the units shall be affordable to households with income no greater than 40 percent of Area Median Income, and at least an additional 30 percent of the units shall be affordable to households with income no greater than 50 percent of Area Median Income, as these terms are defined by the United States Department of Housing. The initial rent for the remaining units may be set at any amount."
3. Substitute the following for Sec. 2.
 

"Sec. 2. Section 91.106.4.1 of Division 1 of Article 1 of Chapter IX of the Los Angeles Municipal is amended to add a new Subsection 16 to read:

16. The Department of Building and Safety shall have the authority to withhold building permits for new development on the site of a destroyed or demolished Residential Hotel and for the conversion or demolition of Residential Units on any property identified as a Residential Hotel by the Los Angeles Housing Department pursuant to Article 7.1 of Chapter IV of the Los Angeles Municipal Code until the Los Angeles Housing Department has verified compliance with the provisions of Article 7.1 of Chapter IV of the Los Angeles Municipal Code in order to preserve Residential Units in the Residential Hotels of the City of Los Angeles."

presenting motion  
ADOPTED

MAY 06 2008

SECONDED BY  
LOS ANGELES CITY COUNCIL

FORTHWITH

JAN BERRY  
Councilwoman, 9<sup>th</sup> District

May 6, 2008

MB

**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

**Your HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE**

**reports as follows:**

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a Residential Hotel Unit Conversion and Demolition Ordinance.

Recommendations for Council action:

1. REQUEST the City Attorney, with the assistance of the Los Angeles Housing Department (LAHD), to prepare and present to Council a Residential Hotel Unit Conversion and Demolition Ordinance consistent with the amended draft Ordinance (included as Attachment A of the Chief Legislative Analyst (CLA) report dated April 15, 2008).
2. INSTRUCT the LAHD and Community Redevelopment Agency (Agency) to return to Council 30 days from the date the Residential Hotel Conversion and Demolition Ordinance becomes effective with a cooperation agreement that will govern the expenditure of in-lieu fees paid pursuant to the Ordinance for properties located in the City Center and Central Industrial Redevelopment Project Areas in conformance with Agency Guidelines and Controls for Residential Hotels in these Project Areas, including, but not limited to the timeline for construction of replacement units.
3. INSTRUCT the LAHD, with the assistance of the City Attorney, to include, when the Ordinance is presented to Council, the necessary language to establish that the Ordinance is urgently needed for the immediate preservation of the public peace, health, or safety as allowed by Section 253 of the City Charter.

Fiscal Impact Statement: The CLA reports that there is no impact to the General Fund. All fees collected pursuant to this Ordinance will be deposited into the City's Affordable Housing Trust Fund and expended according to the requirements of the Ordinance.

Summary:

On March 20, 2008, the Mayor's Office released the recommendations of the LAHD, dated February 25, 2008, relative to a Residential Hotel Conversion and Demolition Ordinance. A proposed draft Ordinance was provided in anticipation of the May 24, 2008, expiration of an Interim Control Ordinance (ICO), which currently regulates the issuance of building and demolition permits for City residential hotels on a temporary basis, while a permanent Ordinance is developed.

The proposed draft Ordinance requires that any owner of a residential hotel who wishes to convert or demolish their property must comply with a one-for-one replacement requirement or pay fee in lieu of construction of replacement units (in-lieu fee). In-lieu fees collected pursuant to this proposed draft Ordinance are to be used to construct affordable housing. The proposed draft Ordinance identified 333 residential hotels in the City, totaling 18,330 units.

At its regular meeting held March 26, 2008, the Housing, Community, and Economic Development Committee discussed this matter with City staff. At that time, the Committee instructed staff to review the proposed draft Ordinance and report with recommendations in response to questions raised by the Committee relative to replacement units constructed and fees collected pursuant to the proposed draft Ordinance, proposed exemptions, and increased Council oversight.

In its report dated April 15, 2008, the CLA summarizes responses from the LAHD, Agency, and City Attorney and provides recommendations and further analysis. Attachment A of the CLA report contains a proposed draft Residential Hotel Conversion and Demolition Ordinance (proposed amended Ordinance), amending the LAHD's proposed draft ordinance as follows:

1. Relative to fees collected in lieu of replacement unit construction (in-lieu fees):
  - a. Require all fees to be deposited to the Affordable Housing Trust Fund to be expended through the Permanent Supportive Housing Program (PSHP; Section 47.78 (a) (2)).
  - b. Allow funds to be expended through the regular Affordable Housing Trust Fund Notice of Funding Availability when these funds remain unspent for a specified period of time (Section 47.78 (b)).
  - c. Require that in-lieu fees collected for units converted or demolished in the City Center or Central Industrial Redevelopment Project Areas be used according to the Agency's Guidelines and Controls for Residential Hotels in these Project Areas (Section 47.78 (a) (2)).
2. Define Affordable Housing Project to specify the level of affordability necessary to qualify for an exemption from replacement unit construction and in-lieu fee payment requirements and ensure a baseline level of affordability to extremely low-income households (Section 47.73 (a)).
3. Allow Residential Hotels with more than 250 units to comply with the Ordinance by converting to projects with a mix of affordability and allow 20% of units to be offered at market rate (Section 47.78 (a) (3)).
4. Require that occupants of residential hotel units be notified of the outcome of the LAHD's review of Applications for Clearance (Sections 47.77 (a) (5)).
5. Include an additional exemption for buildings that have consisted entirely of residential units offered for rent for periods of no less than 30 days since October 11, 1995 (Section 47.74 (b) (4)).
6. Modify Section 47.78 (a) (1) to allow replacement units to be constructed within a two mile radius of the units to be converted or demolished.
7. Modify Sections 47.77 and 47.83 (f) to provide a process for appeal to Council when the LAHD approves a reduction of units greater than 25% of the total units in a building applying for conversion or demolition.

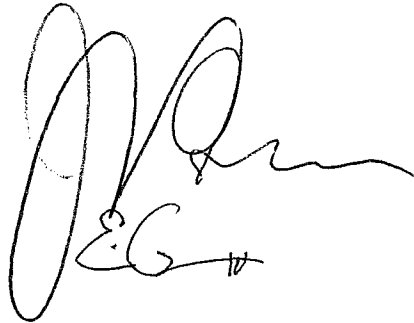
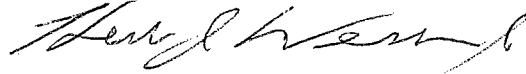
The CLA reports that since the proposed draft Ordinance was released, the list of residential hotels in the City has been revised by the LAHD to include 336 hotels and 18,739 units (Attachment B of the CLA report dated April 15, 2008). The CLA further reports that owners of hotels identified may appeal the inclusion of their buildings according to a process outlined in the amended draft Ordinance (Attachment C of the CLA report dated April 15, 2008).

The CLA notes that the amended draft Ordinance is proposed in anticipation of the May 24, 2008 expiration of the current ICO. In order to ensure that the Ordinance goes into effect prior to expiration of the ICO, the CLA recommends that the LAHD with the assistance of the City Attorney, be instructed to include, when the Ordinance is presented to Council, the necessary language to establish that the Ordinance is urgently needed for the immediate preservation of the public peace, health, or safety as allowed by Section 253 of the City Charter.

At its regular meeting held April 16, 2008, the Housing, Community, and Economic Development Committee received substantial public testimony, discussed this matter with City staff, and recommended that Council approve the recommendations of the CLA, as submitted in its report dated April 15, 2008. This matter is now submitted to Council for its consideration.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE



MEMBER  
WESSON  
REYES  
GARCETTI  
CARDENAS  
PERRY

VOTE  
YES  
YES  
YES  
ABSENT  
YES

AMA  
04/17/08  
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APR 23 2008 - Continued to May 6, 2008

<sup>R15</sup>  
**ADOPTED**

MAY 06 2008

**LOS ANGELES CITY COUNCIL**

**FORTHWITH**