APARTMENT ASSOCIATION OF GREATER LOS ANGELES

AAGLA

"Great Apartments Start Here!"

Danielle Leidner-Peretz
Director, Government Affairs &
External Relations
danielle@aagla.org
213.384.4131; Ext. 309

September 21, 2020
Via Electronic Mail

City of Los Angeles Housing Committee
City Hall
200 North Spring Street
Room 1010
Los Angeles, California 90012

Re: 20-0922: City Administrative Officer and Los Angeles Housing and Community Investment Department Reports, and Ordinance Relative to Authority to Amend Section 161.352 of the Los Angeles Municipal Code (LAMC) for a Fee Adjustment to the Systematic Code Enforcement Program Fee (Agenda Item 3)

Dear Housing Committee Members:

At the September 23rd Housing Committee meeting, the Housing Committee will consider the Los Angeles Housing + Community Investment Department (HCID+LA) report and the Office of the Chief Administrative Officer (CAO) report relative to the City's Systematic Code Enforcement Program (SCEP) and recommendations for a program fee increase. The Apartment Association of Greater Los Angeles (AAGLA) strongly opposes the proposed fee increase, urges the Committee to reject its advancement and consider the recommendations set forth in this letter.

We are experiencing an unprecedented global pandemic that has significantly impacted everyone for more than six (6) months and for which there is no clear end date. During these challenging times, housing providers and renters through no fault of their own continue to experience severe financial distress. As acknowledged in the HCID+LA report, "this is a worst time for asking any type of fee increase due to the impact of COVID-19 pandemic." The proposed fee of $81.25 reflects an 88% increase from the current fee of $43.32. Further, the CAO report indicates that "subsequent to the HCID consultant's fee study and the release of the Mayor's proposed budget, various factors could result in additional Departmental savings that could potentially reduce the fee needed to recover HCID's costs for the Program over the next three years." While an estimate of the cost savings could not be made at this time, in light of the potential of additional savings, the Committee should at minimum consider a more conservative approach.

While we can appreciate that a fee increase has not been instituted in nine (9) years and that HCID+LA sought to decrease the fee adjustment, an 88% increase would be astronomical during the best of times let alone now with the City's recent declaration of a fiscal emergency and looming recession. In addition, the HCID+LA report rationalizes that the 88% increase is the equivalent of an annual adjustment of approximately 10%, which is about 7-points more than the average allowable annual rent increase. The fact remains that increases were not instituted during those years, and that the increase sought today is not 10% but rather 88%. Moreover, minimizing the impact of the fee by providing a fee breakdown of what the daily fee would be fails to acknowledge that the fee is based on a per unit fee which will have a significant financial impact on owners of multi-family buildings.

The SCEP program, established in 1998, conducts routine and complaint-based inspections. Routine inspections are conducted over the course of four-year inspection cycles, with non-compliant, higher risk tier properties subject to more frequent two-year inspection cycles. Based on the current pandemic related dynamics, where individuals are maintaining social distancing and seeking to limit entry into their residence, for the short-term, the program should be geared towards complaint-based inspections and properties identified as non-compliant to ensure that units are safe and habitable. As noted in the HCID+LA report, "after four inspection cycles over the last 20+ years, HCIDLA data indicates that 95% of property owners are maintaining well-kept rental properties." Accordingly, instituting an interim targeted modified inspection schedule will facilitate cost savings while addressing immediate issues.

The Association urges the Committee to take pause and use this opportunity to evaluate the SCEP program and consider modifications to reduce programmatic costs while maintaining program objectives. In the fee study conducted by Bae Urban Economics, the consultants surveyed similar rental inspection programs in other jurisdictions including the cities of San Jose, Seattle, Minneapolis, and Washington D.C. The study noted that the City's SCEP program "is the only program survey by BAE that commits to inspecting 100 percent of eligible units at a given property. In addition, SCEP is the only program surveyed by BAE that strives to achieve a four-year inspection frequency for units – even for "Tier 1" properties with minimal risk for code violations."

Rental inspection programs can be configured in a variety of ways under a range of fee methodologies as evidenced by these other jurisdictions while maintaining a robust code enforcement program. While the fee study provides several fee options utilizing the current SCEP program operating structure, it does not include any analysis relative to ways the program could be reconfigured under the current operating budget.

AAGLA urges the Housing Committee to direct HCID+LA to conduct a further program evaluation with a focus on the programmatic structure and options to maintain the program at current funding levels. We recommend that such an evaluation include consideration of the following potential program modifications: inspecting a sampling (percentage) of building units instead of all units, instituting a sliding scale fee structure whereby higher fees are charged per unit for properties that have a history of violations, extending inspection cycles from every 4 to 6 years. Other jurisdictions referred in the fee study utilize some of these suggested programmatic elements.

During the continuation of the pandemic, it is essential that we all work together to develop effective and balanced solutions that serve to assist all those impacted, prevent further economic instability, and facilitate the rebound ahead. Thank you for your time and consideration of these matters. If you have any questions, please call me at (213) 384-4131; Ext. 309 or contact me via electronic mail at danielle@aagla.org.

Very truly yours,

Danielle Leidner-Peretz

Danielle Leidner-Peretz