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Karen Bass, Mayor

DATE: October 3, 2024

TO: 11810 Avon Way, LLC, a California limited liability company, Owner
Ariel Gutierrez, Applicant

FROM: Nicholas Kawazoe, Senior Management Analyst I
Los Angeles Housing Department

SUBJECT: **Housing Crisis Act of 2019
(HE) Replacement Unit Determination
RE: 11810 W. Avon Way, Los Angeles, CA 90066 (CD 11)**

Digitally signed by
Nicholas Kawazoe
Date: 2024.10.03
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Based on the application for a RUD submitted by Ariel Gutierrez (Applicant), on behalf of 11810 Avon Way, LLC (Owner), for the above referenced property located at 11810 W. Avon Way ([APN 4233-022-025, lot 37] (Property)), the Los Angeles Housing Department (LAHD) has made the following determination in regards to the above-referenced application. One (1) unit existed on the property within the last five (5) years. No units are subject to the Rent Stabilization Ordinance (RSO) or subject to replacement pursuant to the requirements of California Government Code Sections 66300.5 and 66300.6, as "Protected Units."

PROJECT SITE REQUIREMENTS:

The Housing Crisis Act of 2019 (HCA), as amended by SB 8 and AB 1218 (California Government Code Section 66300 et seq.), prohibits the approval of any proposed development project ("Project") on a site ("Property") that will require demolition of existing residential dwelling units or occupied or vacant Protected Units, or that is located on a site where Protected Units were demolished in the previous five (5) years, unless the Project replaces those units as further specified below.

Replacement of Existing Dwelling Units

The Project shall provide at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the Property within the past five (5) years. The affordable replacement units will be restricted in the future project at California Department of Housing and Community Investment (HCD) rents per Land Use Schedule 6.

Replacement of Existing or Demolished Protected Units

The Project must also replace all existing or demolished Protected Units except for Protected Units demolished prior to January 1, 2020. Protected Units are residential dwelling units on the Property that are, or were: **(1)** subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the five (5) years prior to the owner's application for a RUD (referred to as the "five year lookback period"), **(2)** subject to any form of rent or price control through a public entity's valid exercise of its police power within the five (5) year look back period **(3)** occupied by lower or very low income households (an affordable Protected Unit) within the five (5) year look back period, or **(4)** that were withdrawn from rent or lease per the Ellis Act, within the ten (10) years prior to the owner's application for a RUD.

Whether a unit qualifies as an affordable Protected Unit is determined by the income level of the current or last known renter household in occupancy. If a low or below low income tenant currently occupies the Property, affordable replacement will be required at Extremely Low Income, Very Low Income or Low Income (based on tenant income information), *regardless of the entitlement (such as Density Bonus) requested for the proposed project*. If the unit is vacant, the income of the last known tenant will be used to determine the affordability replacement of the unit. Interwest, LAHD's contractor, will send Tenant Income Certification (TIC) forms along with additional information to each occupant of the existing Property. Tenants have thirty (30) days to complete and return the TIC forms to Interwest. The owner is responsible for working with the occupants to ensure that the requested information is produced in a timely manner.

- ***In the absence of occupant income documentation:*** Affordability will default to the percentage of extremely low, very low or low income renters in the jurisdiction as shown in the latest HUD Comprehensive Housing Affordability Strategy (CHAS) database. At the time of application, the defaults were: 31% extremely low income, 18% very low income and 20% low income for Transit Oriented Communities (TOC) projects and 49% very low income and 20% low income for Density Bonus projects. In the absence of specific entitlements, the affordability will default to 49% very low income and 20% low income. The remaining 31% of the units are presumed above-low income¹. All replacement calculations resulting in fractional units shall be rounded up to the next whole number.

Replacement of Protected Units Subject to the Rent Stabilization Ordinance (RSO) and Last Occupied by Persons or Families at Moderate Income or Above

The City has the option to require that the Project provide: **(1)** replacement units affordable to low income households for a period of 55 years (rental units subject to a recorded covenant), OR **(2)** require the units to be replaced in compliance with the RSO. The City chose to replace the units according to the RSO.

Tenant Noticing, Relocation, Right to Return, Right to Remain:

- All existing occupants must be allowed to occupy their units until six (6) months before the start of construction activities.
- The project proponent shall provide existing occupants with written notice of the planned demolition, the date they must vacate, and their rights under this section.
 - Notice shall be provided at least six (6) months in advance of the date that existing occupants must vacate.
- Any existing occupants that are required to leave their units shall be allowed to return at their prior rental rate if the demolition does not proceed and the property is returned to the rental market.

All existing **Lower Income Household** (as defined in California Health and Safety Code Section 50079.5) occupants of Protected Units are **also** entitled to:

- Relocation benefits also subject to Government Code Section 7260 et seq., and
- The right of first refusal ("Right to Return") to a comparable unit (same bedroom type) at the completed Project. If at the time of lease up or sale (if applicable) of a comparable unit, a returning occupant remains income eligible for an "affordable rent" (as defined in California Health and Safety Code Section 50053) or if for sale, an "affordable housing cost" (as defined in California Health and Safety Code Section 50052.5), owner must also provide the comparable unit at the "affordable rent" or "affordable housing cost," as applicable. The Right to Return does not apply to: **(1)** a Project that consists of a Single Family Dwelling Unit on a site where a Single Family Dwelling unit is demolished, or **(2)** a Project that consists of 100% lower income units (excluding any Manager's Unit(s)), unless the occupant of a Protected Unit qualifies for residence in the new development and for whom providing a comparable unit would not be precluded due to unit size limitations or other requirements of one or more funding source of the Project.

¹ Available at <https://www.huduser.gov/portal/datasets/cp.html>

Single Family Dwelling Units Replacement

Where an affordable Protected Unit consists of a Single Family Dwelling (SFD) and the tenant has a Right to Return in the future project, a comparable affordable replacement unit is defined as follows:

- If the existing SFD contains three (3) or fewer bedrooms, the affordable replacement unit(s) must contain the same number of bedrooms.
- If the existing SFD contains four (4) or more bedrooms, the affordable replacement unit(s) must include at least one (1) three (3) bedroom unit. The remaining bedrooms must also be replaced as affordable. Please refer to the example below.
- The affordable replacement unit(s) is not required to have the same or similar square footage or same number of total rooms as the existing SFD.

For example, if a tenant with the Right to Return occupied an existing protected five (5) bedroom SFD, the applicant may provide that tenant with one (1), three (3) bedroom affordable replacement unit. In addition, the applicant must provide one (1), two (2) bedroom unit or two (2), one (1) bedroom units, therefore replacing all five (5) bedrooms that existed as affordable.

If there are no tenants with the Right to Return, the affordable replacement units may be split up into smaller units as long as the total number of bedrooms are replaced as affordable units.

THE PROPOSED HOUSING DEVELOPMENT PROJECT:

Per the statement received by LAHD on September 9, 2024, the Owner plans to demolish the single family dwelling and construct five (5) new single family dwellings on the Property.

PROPERTY STATUS (AKA THE “PROJECT SITE”):

Owner submitted an Application for a RUD for the Property on September 9, 2024. To comply with the required **five (5) year** look back period, LAHD collected and reviewed data from September 2019 to September 2024.

Review of Documents:

Per the Grant Deed, Owner acquired the Property on September 5, 2024.

Department of City Planning (ZIMAS), County Assessor Parcel Information (LUPAMS), DataTree database, Billing Information Management System (BIMS) database, and the Code, Compliance, and Rent Information System (CRIS) database, indicates a use code of “0100-Single Family Dwelling” for the Property (APN 4233-022-025).

Google images, an internet search, and the RSO Unit supports that the Property contains a one (1) single family dwelling.

The LADBS database indicates that the Owner has not applied for Demolition Permits and has not applied for a new Building Permit.

REPLACEMENT UNIT DETERMINATION:

The Existing Residential Dwelling Units at the Property within the last five (5) years:

ADDRESS	BEDROOM TYPE	VACANT OR OCCUPIED AT APPLICATION	PROTECTED?	BASIS OF PROTECTED STATUS
11810 W. Avon Way	3 Bedrooms	OCCUPIED	NO	N/A
Totals: 1 Unit	3 Bedrooms			

Vacancy/Occupancy of Units:

Per the Owner’s statement, the unit was occupied by the owner for the five (5) year look back period.

The proportion of bedroom-types for all units in the proposed project AND the affordable Protected Unit replacement requirements will be reviewed and considered at the covenant stage. If a unit is required to be replaced as affordable according to current tenant-income information, the unit shall be replaced with the same bedroom-type unit. If the default per HUD CHAS is applied, the most restrictive requirements between the Affordable Housing Incentives Guidelines (if applicable) and replacement requirements will apply. Affordable units must be dispersed throughout the proposed project and there should be no detectable pattern. For example, the affordable units should be proportionally distributed on each of the floors, and should not be located within the same vertical stack or grouped together.

Pursuant to the Housing Crisis Act, when the former or existing tenants’ incomes are unknown the required percentage of affordability is determined by the percentage of extremely low, very low, and low income rents in the jurisdiction as shown in the HUD Comprehensive Housing Affordability Strategy (CHAS) database. At the time of application, the HUD CHAS database showed 31% extremely low income, 19% very low income and 20% low income for TOC projects and 49% very low income and 20% low income for DB projects. In the absence of specific entitlements, the affordability will default to 49% very low income and 20% low income. The remaining 31% of the units are presumed above-low income.

Number of Existing Residential Dwelling Units and Protected Units within five (5) years of Owner’s application:		1
Number of Protected Units Ellised within the last (10) years:		0
Number of Affordable Replacement Units required per CHAS:		0
	Project using <u>NO ENTITLEMENTS</u>	
0 Units x 69%	0 Units	
Extremely Low	0 Units	
Very Low	0 Units	
Low	0 Units	
Market Rate RSO Units	0 Units	
Number of Unit(s) presumed to be above-lower income not subject to affordable replacement:		0

Affordability Requirements:

Based on the information reviewed, the existing unit was owner occupied by previous owner for the entirety of the look back period. Therefore, no affordable replacement units are required.

Additional Information:

A unit that is determined to not be an affordable replacement unit will only remain valid provided the unit remains vacant, occupied by an above-lower income household, or owner occupied. Government Code Section 66300.6(b)(3), (4) do not tie benefits afforded to “existing occupants” with any set look back period. Therefore, “existing occupants” in place after the issuance of this RUD may also be entitled to benefits under the HCA. In other words, tenants who move in after this RUD is issued may also be eligible for benefits under Government Code Section 66300.6.

Please note that all the new units may be subject to RSO requirements unless the RSO is not applicable, or an RSO Exemption is filed and approved by the RSO Section. This determination is subject to verification if additional information is received.

This RUD applies only if the proposed project is a rental project and NOT condominiums or units for sale. In the event the project changes to condominiums, the owner needs to request a RUD amendment to reflect 100% replacement of the units.

The findings of this determination are final and effective upon distribution of this determination. LAHD will only amend the determination in the event of a staff error or if misinformation was provided by the applicant. If the project changes or the project has been closed, a new RUD will be required.

****WARNING****

LOT TIES AND PRE-1978 SINGLE FAMILY DWELLINGS

Please be aware that Owner's replacement obligations may change if the development involves single family dwellings built prior to 1978 and lot ties. If a **lot tie** is required for the new proposed housing development project, Owner's existing RSO replacement obligation, if any, will INCREASE by one and the proposed housing development project will also be subject to the RSO, unless the existing single family dwelling is demolished before the lots are tied.

Submitting forged or false documents is a crime that may be punishable as a felony under state law (Cal. Penal Code 115). Documents submitted in connection with your application are subject to investigation. The use of any false or forged document may be grounds for revision to the replacement unit determination. If, following an investigation, the City determines that false or forged documents were used to exempt housing units from the replacement obligations required by law, the housing units may be deemed as affordable replacement units. Other applicable penalties may also be applied.

If you have any questions about this RUD, please contact Sharon Williams at sharon.williams@lacity.org

cc: Los Angeles Housing Department File
Planning.HCA@lacity.org, Department of City Planning for discretionary projects, or
LADBS.ahs@lacity.org, Department of Building and Safety for by-right projects

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