



California Apartment Association
Los Angeles County
515 S. Flower Street, 18th Fl.
Los Angeles, CA 90071

September 10, 2020

Honorable Gil Cedillo, Chair
Honorable Paul Krekorian, Vice Chair
Honorable Marqueece Harris-Dawson, Member
Housing and Community Investment Committee
City of Los Angeles
VIA EMAIL

RE: SCEP FEE INCREASE PROPOSAL

Dear Councilmembers Cedillo, Harris-Dawson and Krekorian:

On behalf of the California Apartment Association (CAA), I am writing to convey our opposition to the proposed Systematic Code Enforcement Program (SCEP) fee increase sought by the Housing and Community Investment Department (HCID). HCID is not only seeking to double the fee but are requesting the increase in what is the worst housing crisis the City has seen to date. Thousands of renters have lost their jobs and housing providers are in danger of foreclosure. This is clearly the wrong time to seek an increase but a necessary time to review program adjustments while maintaining our shared goals of safe and habitable housing. **We request the City review program modifications and related cost savings highlighted in the fee adjustment report before considering a fee increase.**

Alternative Inspection Timeframes

The BAE report analyzes several cities with proactive inspection programs. Of those surveyed, it found “SCEP is the only program... that strives to achieve a four-year inspection frequency” and is the only program that “[inspects] 100 percent of eligible units at a given property”. This proactive program is in addition to a complaint based rapid response program. The Housing Department data also “indicates that 95 percent of property owners are maintaining well-kept rental properties and about 5 percent are not maintaining their properties.” These facts create a tremendous opportunity to explore cost saving alternatives modeled after other cities while maintaining the mission and integrity of the program.

Alternatives to explore include but are not limited to:

- Extend the time frame for inspection for “Tier 1” properties which have demonstrated minimal risk of code violation. This is done in cities such as Minneapolis and San Jose.
- Review programs in Seattle and San Jose which randomly sample properties with a history of compliance.

Assessment based on risk profile

Several cities have a fee structure based on risk profile. We dispute the comparable City fee ranges provided in the report. A simple review of the programs indicate fees on a per inspected unit can be as low as \$25.75 in San Jose and as low as \$10 in Minneapolis. It is unclear in the BAE report where the cited fee ranges are coming from.

The Housing Department data “indicates that 95 percent of property owners are maintaining well-kept rental properties and about 5 percent are not maintaining their properties.” Tier 1 properties should be paying less than Tier 2 properties. The City should explore:

- A fee structure based on risk assessment.

In a time when all residents are expected to make substantial cutbacks, the fact that HCID has not requested a fee increase for a number of years is not an adequate excuse for seeking to do so at this time. An inspection program can be effective and cost efficient. Reviewing a combination or all the highlighted methods may result in significant cost savings while maintaining the goals of the program. Renters and housing providers should not have to pay more for a program that can deliver the same results at lesser cost.

The department has made recent progress in focusing on “Tier 2” operators and providing ethical housing providers longer inspection cycles. The Housing Department should further emulate this success and look at reasonable adjustments that must be found during this unprecedented crisis.

Sincerely,

Beverly Kenworthy, Vice President
California Apartment Association
323-513-7384

Cc: Nury Martinez, Council President