CITY OF WEST HOLLYWOOD

Population:	36,000
1990/91 General Fund	
Revenues:	$34 million
Fund Balance:	$700,000
# URMs:	81
Type of URMs:	80% commercial 20% residential
Ordinance Type:	mandatory retrofitting
Retrofit Incentives:	(1) planning fee waivers (2) zoning incentives (3) rent control modifications (4) Mello-Roos district bonds
Funding Source:	(1) general fund (2) Mello-Roos district bonds

BACKGROUND

Incorporated as a General Law city in November 1984, West Hollywood is one of the youngest cities in Los Angeles County. The strength of West Hollywood's economic base has enabled the city to provide an array of social services to its residents. West Hollywood provides more money per capita to fund social services for its residents than any other municipal government in the United States. The city is located in an area which is highly susceptible to earthquake damage. The Hollywood/Raymond Fault, the Santa Monica Fault and the Elysian Park Fault, a "hidden" fault, all pass through some part of the city's 1.9 square miles.

HAZARDOUS BUILDINGS PROFILE

The unreinforced masonry buildings (URMs) in West Hollywood were generally constructed before 1933. Thirty-two of the structures originally identified as potentially hazardous buildings were eventually proven to have sufficient structural integrity to be outside the

scope of the city's ordinance. A majority, 63, of the 81 URMs remaining on the list are exclusively commercial in use or a mix of commercial and residential uses. There are 12 apartment buildings, containing a total of 210 residential units, on the list of URMs. The remaining 6 structures include a homeless shelter, a fire station, garages and a warehouse.

ORDINANCE

The City of West Hollywood originally adopted Chapter 96 of the Los Angeles County Uniform Building Code as its Earthquake Hazard Reduction Ordinance. Although in effect since 1985, little had been done to require compliance with the noticing and retrofitting schedules. In April 1990, the Departments of Community Development and Rent Stabilization submitted a series of amendments to Chapter 96 which were approved by the City Council. The amendments related to the procedure and timing of seismic retrofit improvements, some policy options for financing incentives, procedures for demolition and the rules and regulations of the Rent Stabilization Ordinance as they relate to seismic rehabilitation.

The amendments to Chapter 96 provided a more flexible schedule to URM owners for complying with the ordinance. The original schedule called for complete retrofitting within 3 years of being served notice, with a 1 year extension upon the early installation of wall anchors. The amended schedule allows 12 to 18 months for the installation of anchors and 4 to 7 years, depending on building type, for full compliance. Under these amendments, all URMs in West Hollywood will have satisfactory wall anchorage within 2 years and full strengthening within 8 years. The amendments also allow the owners of historical buildings an additional 90 days for compliance (included in the schedule referenced above) to accommodate review by the Cultural Heritage Advisory Board.

The noticing section of West Hollywood's ordinance requires the city to record the URM status of a building so that such status is fully disclosed upon sale of the property. The revamped schedule for noticing URM owners under the amendments includes new classifications which attempt to identify structures, such as supermarkets, pharmacies, etc., whose function immediately following an earthquake disaster are important to recovery from such a disaster.

The amendments also addressed the issue of URM owners passing along the costs of retrofitting to tenants in light of West Hollywood's strong rent control ordinance. New amortization schedules and rent increase allowances for seismic retrofit projects were developed. A streamlined process for rent increase applications directly related to seismic retrofitting was also developed.

INCENTIVE PROGRAM CONCEPT

The seismic retrofit incentive program devised by the City of West Hollywood is multi-faceted. The program provides both financial and non-financial incentives to the owners of URMs.

Fee Waivers play a key role in West Hollywood's retrofit incentive program. As an incentive to encourage owners to complete full strengthening of the structure as quickly as possible, the city waives the planning permit fees for owners who choose to do the full retrofit upfront. The city also waives the fee for a rent increase application when such an application is directly related to a rent hike to finance seismic improvements.

Zoning Incentives are also part of the city's retrofit program. West Hollywood's zoning ordinance does not require buildings that undergo major rehabilitation to comply with new zoning or land use requirements. This allows building owners to avoid demolishing a building or evicting current tenants because the retrofitted building would not be in compliance with new zoning requirements.

The *Rent Control Modifications* allow owners doing seismic retrofit work to pass through the costs of this work to tenants on a much quicker basis. The rules and regulations of the rent stabilization ordinance were amended to establish a 30-year amortization period for seismic rehabilitation work. The rules regarding the maximum rent increase allowed were also changed for owners doing seismic rehabilitation work. Rent increases over 50% are allowed to be passed on to tenants over a 3 year period. As an example, a rent increase of 60% would result in a 12% increase in each of the first 2 years (12% is presently the maximum annual increase) and an increase of 36% in the third year. It was felt this phasing of the increases would allow tenants sufficient time to look for other housing accommodations if necessary.

A *Mello-Roos District* is being formed by West Hollywood. (See: LOCAL GOVERNMENT FINANCING OPTIONS - MELLO-ROOS COMMUNITY FACILITIES DISTRICT.) The bonds issued by this district will provide a source of long-term, market-rate financing to URM owners. The proposed Mello-Roos district will include 5 properties (4 commercial structures and a 21-unit condominium) and will total approximately $1 million. It is expected 12 of the 21 condominium units will be included in the district for a total of approximately $750,000.

PROGRAM RESOURCE REQUIREMENTS

Of the 4 incentive program components examined above, only the fee waivers have a direct fiscal impact on the city. West Hollywood estimates it will forego a maximum of $69,000 by

waiving planning permit fees, and a maximum of $12,000 by waiving rent increase application fees. The zoning incentives do not represent any additional cost to the city. The proposed Mello-Roos bond issue does not represent a direct cost to West Hollywood, but the great amount of staff time spent on developing the district represents an indirect cost to be borne by the city. The city also estimates it will take approximately 10% of one staff person's time for a year to coordinate the initiation of the Mello-Roos bonds loan program.

PROGRAM DEVELOPMENT

West Hollywood's revised seismic retrofit ordinance represents a great deal of work by the city's staff, particularly the Housing and Economic Development Division, the Building and Safety Division in the Department of Community Development, and the Department of Rent Stabilization. It was obvious to staff the existing ordinance was not doing what was necessary to address the public safety issue posed by West Hollywood's URMs. The amendments to the ordinance and related policy recommendations represent a tremendous amount of research and groundwork on the part of the city staff. All possible sources of information, such as the programs established by other cities and surveys of West Hollywood's URM owners, were tapped. Not including the time it has taken to establish a Mello-Roos district, it took the city staff approximately 6 months to develop the program.

PROGRAM EFFECTIVENESS

Of the 81 URMs originally identified, 12 were removed from the list on appeal from owners who provided information necessary to prove the structures meet current seismic standards. As of April 1992, 41 of West Hollywood's identified URMs had yet to be retrofitted. This number includes the 5 structures that will be joining the Mello-Roos district. Work on the structures which have been retrofitted to date has been financed privately.

PROGRAM STRENGTHS

The enforcement follow-through by the Building and Safety Division is considered a strength of West Hollywood's program. Existing city ordinances make it difficult to exercise demolition as a retrofit option, so Building and Safety, realizing that URM owners will most likely retrofit their structures, provided assistance. A regulatory strength of West Hollywood's program is the fact that no extension of retrofit deadlines is accorded a new URM owner. This keeps a property from being passed between fictional owners to avoid retrofit.

KEYS TO SUCCESS

Probably the most important quality resulting in community acceptance of West Hollywood's program was that the city paired a mandatory ordinance with a financing mechanism. The City of West Hollywood also indicated that much of the success this program enjoys can be traced to a dedicated staff person who worked with URM owners. This individual, who is no longer with the city, worked directly with owners to develop strategies for retrofitting their buildings. The city feels this one-on-one contact with URM owners was a major factor contributing to the success of the program.

CONTACT

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