



CITY OF BEVERLY HILLS
POLICY AND MANAGEMENT

MEMORANDUM

TO: Health and Safety Commissioners

FROM: Arlen Eskandari, Senior Plan Review Engineer / Raj Patel, City Building Official,
Assistant Director of Community Development

DATE: September 26, 2016

SUBJECT: Informational Presentation on Proposed Seismic Retrofit Program for Existing
Wood-Frame Buildings With Soft, Weak, or Open Front Walls

INTRODUCTION

The City of Beverly Hills takes pride in maintaining a safe environment for its citizens and is committed to addressing resilience by strengthening our city's physical, social, and economic foundations. The City has adopted far-reaching strategies and policies to develop the tools we need to rebound from major crises including fire, floods, geologic and seismic hazards, hazardous materials, and other natural and man-made disasters. More specifically, the Seismic Safety element was merged into the Safety Element of General Plan, as amended on January 12, 2010 by resolution 10-R-12725. To develop and implement a program for property owners to reinforce and strengthen "at risk" buildings in the City to minimize loss of life and property damage in the event of an earthquake. Building resilience is a ground-up effort, and nobody knows our city and community like our residents do, as such, it is imperative that the City of Beverly Hills prepares for seismic events in order that the community and its multi-family residences may be resilient and recovers quickly.

The Beverly Hills City Council requested the Community Development Department to provide recommendations to strengthen buildings that are potentially vulnerable to significant damage in the event of an earthquake. The Community Development Department is proposing an ordinance requiring mandatory retrofit of existing structures known as soft-story buildings. Open front, soft-story buildings are typically wood-frame, low-rise buildings with multi-family living space above parking on the first story. During an earthquake, these soft-story buildings perform poorly and are vulnerable to collapse.

As a part of the public outreach process, in addition to the Health and Safety Commission, Community Development staff has presented this informational presentation on the proposed ordinance to the Planning Commission and the Human Relations Commission. Each of these commissions has a unique perspective on the needs of the community and can provide valuable feedback that can be incorporated prior to presentation to the City Council. The schedule for presentations is as follows:

Commission	Date
Human Relations Commission	9/15/2016
Planning Commission	9/19/2016
Health and Safety Commission	9/26/2016

BACKGROUND

The Community Development Department originally retained the services of Degenkolb Engineering to help develop a soft-story retrofit ordinance. Established in 1940, Degenkolb Engineering is the nation's oldest and largest earthquake engineering firm, specializing in identifying and retrofitting vulnerable buildings. Structural engineers from Degenkolb initially conducted a field survey of the city, followed by a review of building permit records to identify and develop an inventory of soft-story buildings.

The current inventory identifies approximately 300 structures categorized as having a soft-story deficiency. It is estimated that there is approximately 1,800 living units that make up these 300 structures. The results of the survey were presented to the City Council in January 2016. At that time, the City Council instructed staff to begin the development of a seismic retrofit ordinance for existing soft-story buildings.

The proposed ordinance would improve public safety by reducing the risk of collapse and subsequent death or injury in an earthquake. However, the ordinance would also protect the public welfare by reducing the loss of wood frame apartment buildings which are currently the city's most affordable housing stock. In the 1994 Northridge earthquake, soft-story buildings made up two-thirds of the 49,000 housing units that were made uninhabitable and accounted for more damage and injury than any other type of building damaged during the earthquake. The surrounding cities of Los Angeles, Santa Monica, and West Hollywood suffered extensive damage to soft-story buildings during the Northridge earthquake.

The loss of 1500 apartment units (5% of their total housing units) as a result of the Northridge earthquake was the impetus for the City of Santa Monica to adopt a soft-story retrofit ordinance in 1996. In 2015, the City of Los Angeles adopted an ordinance requiring retrofit of an anticipated 13,500 soft-story buildings and the City of West Hollywood recently identified 780 soft-story buildings and is expected to adopt a retrofit ordinance later this year.

DISCUSSION

The proposed ordinance applies to soft-story buildings built prior to 1978. The ordinance would require strengthening of the first floor of the building through the addition of steel moment frame, shear walls and bracing of the opening(s). The scope of work is not expected to reduce the amount of first floor parking area or change the aesthetics of the exterior of the building. It is anticipated that the retrofit work would take approximately between one to two months. The ordinance provides specific time limits for building owners to submit an engineering report verifying whether their building has structural vulnerabilities and to submit plans, obtain permits, and commence and complete the retrofit work. This is similar to the retrofit process identified in ordinances adopted or being considered by neighboring cities.

Required Action by Owner	Submit Screening Form	Submit Retrofit Plans	Obtain Building Permit	Commence Construction	Complete Construction
Beverly Hills	180 Days	365 Days	1.5 Years	2 Years	2.5 Years
Los Angeles	365 Days		2 Years	7 Years	
Santa Monica	Currently Updating Building Inventory and Existing Mandatory Ordinances				
West Hollywood	365 Days	2 Years	4 Years		5 Years
From date the notice is served to owner					

The cities of Los Angeles and San Francisco have developed cost estimates for completing seismic retrofits of soft-story buildings. It is estimated the cost of retrofit is between \$5,000 to \$10,000 per dwelling unit (the cost for retrofit of a four unit building would be between \$20,000 and \$40,000). A primary consideration of the city's retrofit program is the ability for building owners to pass along the related retrofit costs to their tenants. It is anticipated that all of the affected buildings are subject to the City's rent stabilization ordinance. The current recommendation is not to allow the costs of retrofit to be passed on directly to tenants. Instead, costs could be passed along in accordance with rental rate increases as regulated by the current Chapter 5 and 6 rent stabilization ordinances. The table below displays the annual allowable rent increase and retrofit cost pass-through to tenants in the City of Beverly Hills as well as those cities that have a seismic retrofit program in place:

City	Allowable Annual Rent Increases		Retrofit Costs Pass-through to Tenant
Beverly Hills	Chapter 5: Allows up to 8% or the average Consumer Price Index once every 12 months (Whichever is lower)	Chapter 6: Allows a not-to-exceed 10% increase within any 12 month period	No. Annual rent increase allowances are sufficient for landlord to recover the seismic retrofit cost.
City of Los Angeles	3% of Los Angeles-area Yearly CPI Increase, up to 8% (whichever is higher)		Share 50% of retrofit costs with maximum of \$38/month for 10 years
Santa Monica	75% of the Yearly Los Angeles-area CPI Increase		Currently Updating Existing Mandatory Ordinances
West Hollywood	75% of Yearly Los Angeles-area CPI Increase		Currently reviewing options for an equitable cost sharing plan
San Francisco	60% of Yearly San Francisco-area CPI Increase		Share 100% of retrofit costs over 20 years

The City is also collaborating with neighboring cities to determine other methods of assisting building owners with financing retrofit work. One example is the Property Assessed Clean Energy (PACE) program, which can arrange a loan directly between the lender and the building owner that is paid back through property tax assessments for a time period of up to twenty years. The PACE program eliminates the need for up-front payments and allows for transferring of the remaining balance to a new property owner.

Potential future costs to the City include the following:

- (1) Upgrades to the City's existing permitting system to include enhancements to assist with tracking the progress and issue notices for those properties required to comply with the seismic retrofit program.
- (2) Extending the current Agreement with the City's Consultants, Degenkolb Engineers, to include assistance with implementation of the ordinance. The scope of work would include any additional community outreach, internal staff training, development of Design Guidelines to assist the public with the retrofit of their buildings, and plan review consultation.

(3) Staff will also be exploring the options of providing incentives such as waiving plan check, permit, and planning fees associated with seismic retrofit work

RECOMMENDATION

It is recommended that the Health and Safety Commission receive this informational presentation on the proposed retrofit program and provide staff with comments as appropriate.