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Property owners feeling the pain of LA's earthquake retrofit ordinance



Seismic retrofits are a major financial consideration for LA property owners.

In 2015, the LA City Council passed some of the nation's most stringent seismic regulations, requiring the retrofitting of some 15,000 commercial buildings (mostly multifamily apartment structures). This unanimous vote required all structures with so-called "soft story" construction to be updated & retrofitted to withstand earthquakes (or demolished).

These buildings are a common sight in Los Angeles - especially popular after WWII, they largely feature wood frames with tuck-under parking. While that form of construction was a timely solution to a space crisis as the city expanded during the second half of the twentieth century, it also proved to be a deadly condition during earthquakes. In a large enough quake, flimsy wood or metal supports

collapse, bringing the building down and flattening the ground story. More than 65 people have died when these sorts of collapses have occurred in LA's larger quakes (in 1971 and 1994).

The city of Los Angeles conducted an exhaustive survey - both on paper, combing through city records, and on foot, walking block-to-block - to identify vulnerable structures. Those requiring the retrofit typically are both:

- Residential buildings of 3 or more units
- Multistory wood-framed buildings with one or more sides of the ground floor open (especially for tuck-under parking), constructed before 1980

Almost all owners of affected buildings have been notified (the last rounds of notices will go out in September and November of 2017), and all work is to be completed by 2024. As of June 2017, about 15% of affected buildings have begun the retrofitting process.

While nearly everyone agrees that improved disaster preparedness is an excellent idea, there is little consensus on who should pay for it. Nor are these updates a minor undertaking: according to the law, owners are required to pay for the retrofits, which can cost between \$60,000 - \$130,000 (or more for larger buildings). The city has agreed that owners can pass on part of those costs to tenants, but that they only are permitted to increase rents by \$38/month. This leaves property owners responsible for navigating how to pay for their improvements on the city's seven-year timetable, even as lawmakers investigate other options (including tax breaks or other forms of financial aid).

A popular option in other cities ([notably San Francisco](#)) has been to obtain separate "seismic financing" to cover the cost of the retrofit. The first step to obtaining such financing, of course, is to get a high-quality commercial property appraisal. And for some LA property owners, this may be an avenue worth investigating: Jim Clarke, who represents the Apartment Association of Greater Los Angeles, a property owner's group, voiced his concerns to the *LA Times* in 2016.

"Many of the owners are older 'mom and pop' landlords who invested their retirement in one building, live in one of the units, rely on the rent as income, and cannot easily afford a costly retrofit, he said."

For such individuals, seismic financing may help to bridge the gap between rent increases, city assistance, and the actual cost of retrofitting an old 1950s or 60s-era multifamily building. More seismic retrofit orders will be forthcoming from the city, as well: additional affected buildings will be identified this year for brittle concrete construction, most notably those over three stories and/or containing 16 or more units.

If you or your clients might need appraisal services related to the City of Los Angeles' soft-story ordinance, or any other kind of earthquake retrofitting, please email us today at LA@valbridge.com, or call (626) 486-9327.

SOURCES/FURTHER READING:

- [“LA releases addresses of 13,500 apartments and condos likely to need earthquake retrofitting.” *LA Times* \(15 April 2016\).](#)
- [“Los Angeles will have the nation’s toughest earthquake safety rules.” *LA Times* \(9 October 2015\).](#)
- [Los Angeles Department of Building & Safety Soft Story Retrofit Program](#)
- [Structural Engineers’ Association of Southern California’s FAQ on Retrofit Program](#)
- [“What will it take to earthquake-proof LA’s most vulnerable apartment buildings?” *KCRW* \(25 April 2016\).](#)
- [“LA to list structures that could be at risk in quake,” *LA Times* \(28 May 2014\).](#)
- [“More than 2,100 buildings are already being retrofitted under LA’s earthquake safety law.” *LA Times* \(10 June 2017\).](#)