

MOTION

Los Angeles renters are among the most cost-burdened in the nation, causing untold anguish and suffering, creating dire financial circumstances, and forcing people into homelessness. There is much more the City of Los Angeles can do to address this crisis.

In recent years, Los Angeles has consistently ranked as one of the Top 3 most rent-burdened cities in the nation. More than half of the renters in Los Angeles pay more than 30% of their income on rent. Many are extremely rent-burdened, paying more than 50% of their income for rent. To make rent, many people sacrifice food or medicine, or descend into crushing debt.

A huge impediment to providing some measure of relief to renters in Los Angeles has been the Costa-Hawkins Rental Housing Act, a 1995 law that severely limits the ability of municipalities to establish or expand rent controls. However, even under Costa-Hawkins, there is a significant step Los Angeles can take to protect renters: adjust the formula by which rents are allowed to increase annually for units covered by the City's Rent Stabilization Ordinance.

The City's (RSO) limits annual rent increases on approximately 600,000 rental units, representing more than 40 percent of total units and nearly 70 percent of rental housing in the City. The RSO protects tenants from sudden, large rent increases, with landlords permitted to raise rent by a rate determined annually by the Housing and Community Investment Department (HCID). The rate is calculated based on changes to the consumer price index (CPI), which is the standard measure of inflation. In 1985, the City Council capped the maximum increase at 8%, and established that rents could increase 3% even if the CPI did not increase accordingly.

The current formula can -- and should -- be changed. Among California cities with rent control programs, Los Angeles has among the highest floors on allowable rent adjustments. San Francisco limits annual rent increases to 60 percent of CPI; Santa Monica limits to 75 percent; and Beverly Hills limits increases to CPI or 3 percent, whichever is greater.

The current formula was set during a time of hyper-inflation and seemed reasonable at the time. However, in recent years, and especially since the 2009 recession, changes in the CPI have routinely fallen below LA's minimum three percent allowable increase. Between 1994 and 2009, CPI fell below three percent 10 times. Since 2009, the inflation



rate fell into negative numbers and remained below three percent every year until 2018, averaging just 1.4 percent during that time. As a result of this policy, tenants of RSO have seen repeated rent increases in excess of the actual CPI. In fact, some longtime tenants may have been charged a cumulative rent increase of more than 50%, when the actual CPI would have dictated increases of half that amount.

I THEREFORE MOVE that the City Council instruct the Los Angeles Housing and Community Investment Department (HCID), in consultation with the City Attorney, to report back with a draft ordinance that would amend the City's Rent Stabilization Ordinance as follows:

- Limit allowable rent increases to 60% of the Consumer Price.
- Eliminate the 3% floor for allowable rent increases.

I FURTHER MOVE that HCID and City Attorney report back with recommendations to implement a rent freeze for tenants whose rents have climbed faster than inflation in previous years.

PRESENTED BY:



MIKE BONIN

Councilmember, 11th District



SECONDED BY:



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