

MOTION BY SUPERVISORS SHEILA KUEHL AND
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July 3, 2018

Interim Ordinance to Temporarily Limit Rent Increases

Los Angeles County (County) rents are continuing to rise as the stock of affordable and available housing diminishes. According to the California Housing Partnership Corporation (CHPC), the County needs 568,255 additional affordable homes that would house lower-income individuals and families in order to meet current needs.

Housing unaffordability harms renters, their families, and the regional economy. In May of 2018, CHPC found that more than 800,000 County renter households would qualify for affordable housing, were it available. But fewer than 300,000 units are available across the entire County at rents that would be affordable to these residents. Additionally, housing prices in the County have grown four times faster than incomes since 2010. Inflation-adjusted median rent in Los Angeles County grew by nearly 25% between 2000 and 2012, while inflation adjusted incomes declined by 9%, according to CHPC. The effect of rising rents, coupled with decreasing income, has generated an increase in “rent-burdened” households. Rent burdened households are households that pay more than 30% of their income on rent. Many households earning less than

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half the median income, spend more than 70% of their income on rent, leaving little money for essential needs like food and healthcare.

The Board of Supervisors (Board) has taken action, beginning with the creation of the Affordable Housing Coordinating Committee and the Affordable Housing Trust Fund in October of 2015, to stem the tide of the housing affordability crisis, but more must be done.

Therefore, on May 16, 2017, the Board, recognizing the need to preserve existing tenancies, explore methods to protect tenants from displacement and afford them stability in their homes, directed the Chief Executive Officer to convene a Tenant Protections Working Group (Working Group). It is anticipated that the Working Group will report back in late summer with recommendations on potential tenant protection measures, as well as a policy implementation framework for the promulgation, administration, and enforcement of recommended ordinances, policies, and programs for tenant protection.

While the Working Group studies these issues, rents continue to spiral upward, making it necessary for the Board to take an action to protect tenants from unreasonable rent increases before the Board has had the opportunity to deliberate on and adopt permanent tenant protection policies, such as a rent stabilization program.

Jurisdictions contemplating the adoption of a rent stabilization program may temporarily prohibit rent increases above a designated threshold amount for a limited period of time. This can be accomplished through adoption of an interim ordinance to temporarily limit rent increases for certain types of dwelling units. Most recently, temporary moratoriums have been imposed in jurisdictions considering rent

stabilization, such as the cities of Alameda, Santa Cruz, and Santa Rosa.

WE, THEREFORE, MOVE that the Board of Supervisors, also acting as the Board of Commissioners for the Community Development Commission, take the following actions:

1. Instruct the Executive Director of the Community Development Commission (CDC) and the Interim Director of the Department of Consumer and Business Affairs (DCBA), in consultation with the Chief Executive Officer (CEO) and County Counsel, to return to the Board in 60 days with an interim ordinance to place a temporary limit on rent level increases. This ordinance should establish, at a minimum:
 - a. A maximum rent level increase of 3% annually for rental properties in the unincorporated areas of Los Angeles County, except for those properties that are statutorily exempt from rent control.
 - b. A term of 6 months from the date of adoption with options to extend the interim ordinance as necessary.
 - c. Due process to ensure landlords are entitled to a fair and reasonable return on their property.
 - d. As base rent, rent levels as they exist on July 3, 2018, for purposes of determining a fair and reasonable return.
2. Instruct the Executive Director of CDC and the Interim Director of DCBA, in consultation with the CEO and County Counsel, to report back to the Board in writing in 60 days with recommendations for an interim administrative structure, including a cost estimate, for a temporary rent limitations program

and an analysis on how these recommendations may help inform the creation of a permanent administrative structure for permanent tenant protections programs that the Board may wish to adopt in the future.

3. Instruct the CEO, in consultation with the Executive Director of CDC and the Interim Director of DCBA, to identify available funding for the preparation of the ordinance referenced in item 1 above.

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