



Presents: Rent Control. Love it or list it?

Friday, January 17, 2020

Welcome to House Hunters LA, we're your hosts:



Joe Eyn



Casey Williams



Thomas Liu



Ryan Guiboa



Gustavo Hernandez



Julija Zubac

Today's episode will focus on **Rent Control**

Rent Control: Landlords of a rent controlled property in Los Angeles can raise the rent a maximum of 3% in a 12-month period for a current tenant. But as of July 1, 2019, they can raise it up to 4%. If the landlord pays the gas and/or electric costs, the landlord can raise the rent an additional 1% per utility.

Are you pro rent control or against rent control?



Run of Show

Welcome + YKYK & YKDK about Rent Control	9:00-9:30 AM
Icebreaker	9:30-10:00 AM
POP + History of Rent Control	10:00-10:30 AM
Activity 1: Group Discussions	10:30-11:45 AM
Lunch	12:00-1:00 PM
Panel + Q&A	1:15-3:15 PM
15 Min Break	3:15-3:30 PM
Activity 2: Scenarios	3:30-4:30 PM
Closing Discussion	4:30-5:00 PM
Announcements	5:00-5:15 PM
Happy Hour!	5:30 PM

Skills Practice

Include the following reminder checklist towards the front of your Issue Day Packet:

Capacity-building skills (program outcomes) I intend to focus on today:

1. Inquiry

- Ask specific questions to make informed decisions
- Value and incorporate multiple perspectives

2. Political Awareness

- Recognize how power and privilege influence public debate
- Understand the landscape of LA government structure

3. Effectiveness in Groups

- Exchange feedback with peers to expand self-awareness
- Identify and strengthen capacity gaps when leading groups
- Exercising mindfulness to maximize potential

Rent Control History and Background in LA

Los Angeles has had 3 main periods in the history of rent control and stabilization – 1940s, 1970s, and the present.

First period 1940s: rent control as part of the war effort was enacted by Congress after cities saw a surge of population to supply factories for the war effort. This was largely viewed as successful and was noncontroversial as landlords saw it as patriotic to support the war effort.



BROADWAY & OLYMPIC

Rent Control History and Background in LA (cont)

Second period 1970s: rent control became much more controversial. During this time, there was a combination of high inflation and a rise in home values. Inflation was 10% each year but home values grew at a 20% rate. In 1978, Proposition 13 was passed capping real estate taxation while simultaneously touting the benefits for renters as getting the trickle down effects. When these effects didn't materialize, renters began protests leading the LA City Council to pass the Rent Stabilization Ordinance in 1979.

- Landlord and real estate groups hated this and sought to influence policy at the state level, eventually culminating in the 1995 passage of the Costa-Hawkins Bill which effectively shut down the rent control movement statewide by forbidding rent control on units after 1995 and forbidding cities from instituting new rent control policies.



HOLLYWOOD & VINE

Rent Control History and Background in LA (cont)

Third period present: Housing expenditures that exceed 30 percent of household income have historically been viewed as an indicator of a housing affordability problem. In the 1970s, LA had an already high 31% of LA renters paying more than 30% of their income on rent. This surged to 61% in 2018. Furthermore the median renter is paying 47% of their income for rent which is the highest rate in the nation. Homelessness has surged as a result.

- This has led to consideration of rent control again. In 2018 there was a ballot initiative to repeal Costa-Hawkins but it was voted down by an overwhelming 2/3 majority. Opponents outspent supporters 71M to 25M and opponents included Lt Gov Newsom.
- In 2019, the Governor signed a bill limiting rent increases to 5% plus inflation. There were surprising supporters of this bill including the business roundtable and the apartment landlords association, signifying a shifting stakeholder map.
- 2020 – rent control bill will be on ballot with a initiative to give cities the authority to adopt rent control. This initiative is started by the AIDS Healthcare Foundation, a rather odd supporter.



Rent Control History and Background in LA

RECAP:

- There were 3 main periods - 1940s, 1970s, the present
- The main debate is between offering housing stability to current residents at the cost of disadvantaging those who have not yet moved to Los Angeles and at the cost of efficient markets.
- Rent stabilization is a political winner (future residents don't get a vote) that most economists disagree with.
- Rent stabilization may not be the hottest topic in housing (homelessness is), but it presents an interesting study on political dynamics. Rent stabilization is one of the rare issues where a majority with dispersed benefits is able to overcome a well-funded opposition with acute benefits.



ECHO PARK

Adaptive/Technical Challenges + Solutions



Adaptive Challenge:

How do you incentivize affordable housing without disincentivizing new housing development?



Technical Challenge(s):

Rent prices are too high for future residents. Current residents are disincentivized to move. Implementation takes time, money and resources to educate & enforce.

By the end of the day, our cohort will: have a more nuanced understanding of how rent control affects affordable housing.



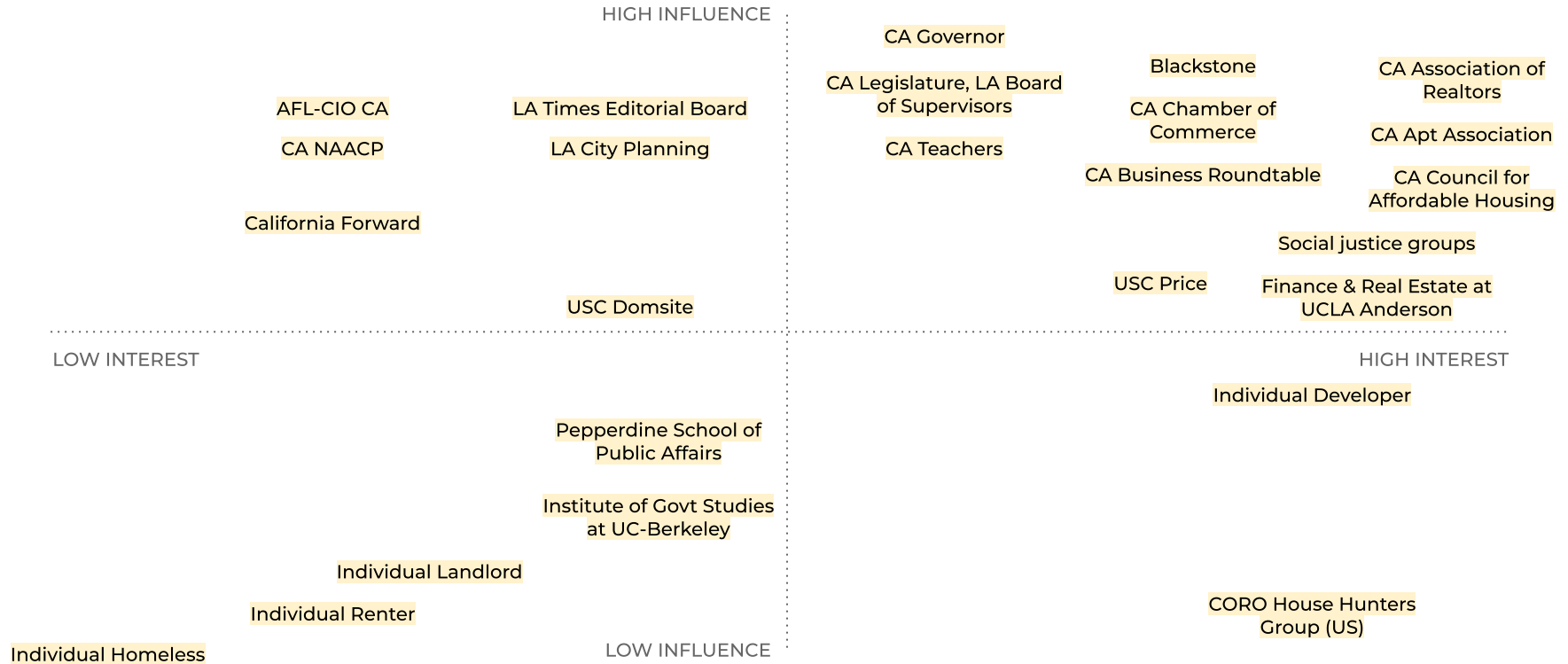
Process

Guiding Questions: Should rent control continue in Los Angeles?

Focusing Questions:

1. Who ultimately holds the power when implementing rent control decisions: policy makers, voters, developers, landlords, etc.?
2. What is the economic impact of rent control?
3. What is my knowledge and experience with rent control?

Stakeholder Map



Activity 1

10:30-10:45 AM Review YKYK, YKDK, DKDK

10:45-11:15 AM Small Group discussions

- Break into evenly dispersed groups (Pro/Against/Neutral in every group, if possible)
 - Discussion Questions:
 - What is rent control designed to enforce? What protections does it allow? What factors affect rent pricing levels?
 - Who are the stakeholders? (Draw out a map)
 - Where is each stakeholder advantaged/disadvantaged?
 - What is the city's responsibility to its citizens regarding housing?
 - Identify the adaptive challenge
 - Please prepare a few questions for the panelists (ideally 1 for each panelist)

11:15-11:45 AM Large Group discussion

- Each group may share key takeaways, learnings, questions.

Council Member Alex Fisch



Council Member Alex Fisch was elected to the City Council in April 2018. Alex previously served as the Chair of the City's Committee on Homelessness, and he now sits on various Ad Hoc and standing Subcommittees of the City Council, including the Regional Oil Operations Subcommittee, Housing and Homelessness Subcommittee, the Culver City School Unified District/City Council Liaison Subcommittee, the City Council/West Los Angeles College Liaison Subcommittee, and the AARP Network of Age-Friendly Community Program Subcommittee.

Alex is also an attorney for the California Department of Justice, in the Natural Resource Law Section of the Attorney General's Office. He was previously a shareholder at a Century City law firm and was a founding Director of the Institute for Field Research - an independent, nonprofit academic organization that delivers rigorous archaeology field schools to students around the world.

Alex is a graduate of UC Berkeley and the UCLA School of Law. His particular interests include making Culver City an even better place for families, ending neighborhood oil drilling, and increasing housing opportunities and transportation options so that Culver City can maintain its diversity, create safe streets for all, transition to environmental and fiscal sustainability, and demonstrate leadership in the fight to prevent climate breakdown.

Paul DeMartini



Paul DeMartini joined Tishman Speyer in 2005 and is currently responsible for the company's operations in Southern California. Additionally he provides Senior Managing Director oversight for activity in the Washington D.C. region, where he previously served as Regional Director. He joined the firm as part of the Leadership Development Program, working in New York, Washington D.C. and Los Angeles. Throughout his tenure has been responsible for the acquisition, disposition and development over 12.5 million square feet of real estate, with a value of \$6 billion. Previously, he worked in investment banking at Merrill Lynch and as a consultant for Andersen Consulting. Mr. DeMartini is a member of the Urban Land Institute and serves as Vice Chair of the Office Development Council. He graduated cum laude from UCLA with a BA in business economics and received his MBA with honors from the Wharton School at the University of Pennsylvania, where he was a Palmer Scholar.

James Ward Litz



James Ward Litz operates his own Public Affairs Consulting firm, specializing in Community Relations, Land Use Entitlement, and promoting home ownership opportunities. Since 1994, Litz has been the Government Affairs Director for the Greater Los Angeles Association of REALTORS(r), and has represented a diverse client base ranging from billboards to cannabis. He serves on the Board of Directors for the Los Angeles County Business Federation, and as Trustees on Political Action Committees for the Apt. Assoc. of Greater LA, Hollywood Chamber of Commerce, and BizFed.

René Christian Moya



René Christian Moya is the Campaign Director for Housing is a Human Right - the housing advocacy division of the AIDS Healthcare Foundation. A fierce advocate for housing rights, Mr. Moya was previously the Housing Campaign Organizer at the Alliance of Californians for Community Empowerment (ACCE) and the Proposition 10 campaign. He is also a volunteer member and organizer with the Los Angeles Tenants Union. Mr. Moya studied Law at the School of Oriental and African Studies in London, and Government at Dartmouth College. He lives in Los Angeles.

Activity 2

3:30-4:00 PM Small Group Activity

- In small groups review the scenarios provided and consider the adaptive/technical challenges and solutions per stakeholder.
 - **Decide:** Which option is best to move forward with from each stakeholders POV?
 - **Consider:** Who ultimately has the power in this scenario? Who benefits from each possible outcome? What are your biases?

4:00-4:30 PM Large Group Activity

- We'll talk through the scenario and review each possible outcome.
- One representative from each group will share their decisions and what brought them to that decision.
- Open discussion.

Glossary

Rent Regulation: General term referring to policies that aim to make rent affordable

Rent Freeze/Rent Control: Rent regulations that strictly limit increases in rent.

Moderate Rent Control/Rent Stabilization: Rent regulations that are more flexible (e.g., allow for small annual rent increases, vacancy decontrol, etc.)

Vacancy Decontrol: A rent regulation stipulation that sets units back to going rate after tenant leaves.

Forced Mobility: When a tenant leaves a unit in which they would like to stay because of increased rent, decreased habitability, and other means landlords might use to force a vacancy.

Gentrification: The process of renovating and improving a district so that it conforms to middle-class taste.

Next Steps & Acknowledgments

Next Steps:

Please review the readings + resources on the next page, attend your neighborhood town hall meetings, attend local tenants union meetings and check out the Affordable Housing Legislative Town Hall tomorrow at 10:30am at the Japanese American Cultural & Community Center. **And Vote!**

Acknowledgments:

All of our interviewees/stakeholders who took time out of their very busy lives to speak with us.

- Alisa Katz, UCLA (former Coro alum)
- Allison Korte, LAHSA (CoreLeadLA1 alum)
- Audrey Handelman, Gensler
- Carson Bruno, Pepperdine University (Coro LeadLA1 alum)
- Jessa Orluk, Liberty Hill Foundation
- Coro for bringing us together and providing this opportunity.
- Jenny -- we couldn't have done this without your guidance!



Reading & Resources

- What does Economic Evidence tell us about the effects of rent control?
<https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/>
- Economist - Democrats Clamour again for rent control
<https://www.economist.com/united-states/2019/09/19/democrats-clamour-again-for-rent-control>
- Urban.org - Rent Control:
https://www.urban.org/sites/default/files/publication/99646/rent_control._what_does_the_research_tell_us_about_the_effectiveness_of_local_action_1.pdf
- USC - Rent Matters: What are the impacts of rent stabilization?
https://dornsife.usc.edu/assets/sites/242/docs/Rent_Matters_PERE_Report_Web.pdf
- UCLA - People are simply unable to pay the rent
<https://luskincenter.history.ucla.edu/wp-content/uploads/sites/66/2018/09/People-Are-Simply-Unable-to-Pay-the-Rent.pdf>
- Stanford - The effects of rent control expansion on tenants <https://web.stanford.edu/~diamondr/DMQ.pdf>
- Freakonomics - Rent Control Podcast: <http://freakonomics.com/podcast/rent-control/>
- Economist - Rent control will make housing shortages worse:
<https://www.economist.com/leaders/2019/09/19/rent-control-will-make-housing-shortages-worse>
- Gimme Shelter Podcast: <https://podcasts.calmatters.org/gimme-shelter/>

1. Mendocino Farms
444 Flower Street, LA 90071
(sandwiches, soups, salads)
2. Lemonade
505 Flower Street, LA 90071
(seasonable comfort-food)
3. Sweetgreen
601 W. 5th Street, LA 90071
(salads & bowls)
4. Jimmy John's
445 S Figueroa St, LA 90071
(sandwiches)

Thank you!