

Los Angeles Coalition for Responsible Housing Solutions

June 27, 2018

Ms. Sachi Hamai
Chief Executive Officer
County of Los Angeles
500 West Temple Street, Room 713
Los Angeles, CA 90012

Dear Ms. Hamai,

On behalf of the members of the Los Angeles Coalition for Responsible Housing Solutions, we are writing in advance of the Tenant Protections Working Group meeting for July 27, 2018, to renew our concerns with the proposed policies considered by the working group. By no means does this letter encapsulate the entirety of our concerns, but it does serve as a launching point for further discussion.

While we appreciated the opportunity to present and discuss our position at the June 13, 2018 meeting, we continue to bolster our strongly held belief that the housing crisis, and in particular the issues with rental housing, is a shared challenge with shared solutions. To continue down a path that, in our opinion, excludes the concerns of property owners will not create a viable solution.

We join a growing chorus of research institutions, media outlets and other jurisdictions that suggest implementing rent stabilization may have negative unintended consequences on the housing market. As recently as last week, Chris Nichols, a writer for Capitol Public Radio, wrote that “in San Francisco, the city lost 5 percent of its rental housing after rent control expanded.” Rent will increase in some areas precisely because property owners, even the small owners, will have substantial, demonstrative anxiety about making ends meet, which may cause rent increases. This will not help solve the housing or rental crisis.

There are no guarantees that implementing rent stabilization will help low-income communities; rather as UC Berkeley suggests, “there is also concern that, because rent control rarely means –tested, the benefits don’t always accrue to those who need it most.”ⁱⁱⁱ We should not be asking how to implement a program across the Los Angeles County which will blanket even those who do not need rent stabilization. We are at a point when the County should look for focused, immediate relief for low-income and elderly residents. There is no need to draw an artificial line for market control, when there are abundant ways to financially assist low income renters, like the voucher program we have discussed countless times.

Attention should also be given to the fact that in jurisdictions that have implemented rent stabilization, available housing decreased. It would be contrary to the necessary work the County has engaged in to increase affordable housing if they knowingly enact a policy that might actually reduce the availability of housing for everyone. The Stanford study suggests that “landlords whose properties were exogenously covered by rent control reduced their supply of available rental housing by 15%, by either converting to condos/TICs, selling to owner occupied, or redeveloping buildings.”ⁱⁱⁱ

We continue to raise these issues not as threats, but as information from reliable, verifiable and recent data from two highly regarded institutions. Frequently the working group's own Dr. Richard Green's, Director and Chair of the USC Lusk Center for Real Estate Chair, Department of Policy Analysis and Real Estate^{iv}, suggestions, insights and considerations are continually discussed as a "dissenting opinion." To disregard ample research, institutional knowledge and economic data is to continue to ignore relevant facts.

It has been widely suggested that the only way to ensure affordability is to build more housing. Countless articles and research from across the state and Nation suggest that in order to keep up with population and household growth, California needs about 180,000 housing units annually.^v Respectfully, the CEO and Board of Supervisors need look no further than the California Legislative Analyst office when it warns "a substantial expansion of rent control in California could result in economic effects more dramatic than those suggested by research on rent control to date, including significant reductions in construction of new housing."^{vi}

Just last week ballot measures in Pasadena, Long Beach, and Inglewood failed to gather sufficient signatures from voters to qualify for the November ballot.^{vii} All three measures failed to garner enough signatures from registered voters in each City, all well located within Los Angeles County. Perhaps the message is that legislative solutions are too broad and not supported by the electorate.

There are no easy solutions to the housing crisis, but blindly advancing towards unintended consequences for potential short-term gain is a slow march towards uncertainty. The same uncertainty that has caused the current crisis.

We appreciate your consideration,

The Los Angeles Coalition for Responsible Housing Solutions, including:

Apartment Association of Greater Los Angeles
Apartment Association, California Southern Cities
Arcadia Association of REALTORS®
Beverly Hills Greater Los Angeles Association of REALTORS®
Building Owners and Managers Association Greater Los Angeles
Burbank Association of REALTORS®
California Apartment Association
Greater Antelope Valley Association of REALTORS®
Greater Downey Association of REALTORS®
Los Angeles County Business Federation
Long Beach Chamber of Commerce
NAIOP – Commercial Real Estate Development Association
Pacific West Association of REALTORS®
Pasadena Foothill Association of REALTORS®
Rancho Southeast Association of REALTORS®
South Bay Association of REALTORS®
Southland Regional Association of REALTORS®
Tri Counties Association of REALTORS®
United Chambers of Commerce San Fernando Valley Region
Valley Industry and Commerce Association

ⁱ <https://www.scpr.org/news/2018/06/21/84153/exploring-the-promise-and-unintended-consequences/>

ⁱⁱ <https://ternercenter.berkeley.edu/finding-common-ground-rent-control>

ⁱⁱⁱ http://conference.nber.org/confer/2017/PEf17/Diamond_McQuade_Qian.pdf

^{iv} <https://priceschool.usc.edu/richard-k-green/>

^v http://www.hcd.ca.gov/policy-research/plans-reports/docs/SHA_Final_Combined.pdf

^{vi} <http://www.lao.ca.gov/BallotAnalysis/Initiative/2017-041>

^{vii} <https://la.curbed.com/2018/6/22/17442778/rent-control-inglewood-long-beach-pasadena>