

10-0613
Refer: 09-1666

HOUSING, COMM & ECON. DEVELOP.

MOTION

The "*Economic Study of the Rent Stabilization Ordinance and the Los Angeles Housing Market*" (RSO Study) prepared for the City by the Economic Roundtable was released by the Los Angeles Housing Department (LAHD) on June 25, 2009 (C.F. 07-0883). The study includes discussion and recommendations relative to many aspects of the City's Rent Stabilization Ordinance (RSO), including a finding that the Consumer Price Index (CPI) is the best available measure of increased operating expenses, and therefore the best available benchmark for setting rent increases. The Economic Roundtable also recommends elimination of the 3% "floor" on rental increases allowed by the Rent Stabilization Ordinance (RSO).

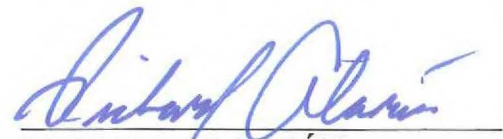
According to the RSO, landlords may currently increase rents annually for RSO-regulated properties in an amount equal to or less than the percentage increase in the Consumer Price Index (CPI) for that year. The minimum allowable rental increase, or "floor", is 3%, even in years when the percentage increase in the CPI is less than 3%. Data included in the RSO Study indicate that in six of the last fifteen years, the annual increase in the CPI was significantly less than 3%. In these years, renters could have benefited from the proposed elimination of the 3% floor.

The current CPI formula rate according to figures by the Los Angeles Housing Department which is based on information from the Department of Labor for 2010 is -0.62%. In order to ensure that rental protections provided by the RSO are fair and that they accurately represent increases in the consumer price index, the City Council should instruct the LAHD to freeze rents at the current level and report back relative to the elimination of the 3% floor on allowable rental increases.

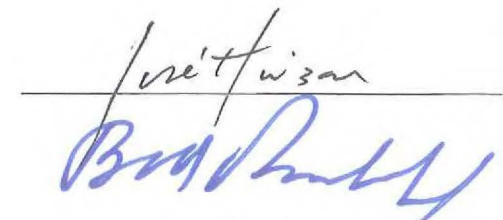
I THEREFORE MOVE, that the City Council instruct the City Attorney in conjunction with the Los Angeles Housing Department to present an ordinance that suspends the 3% floor for rental increases currently allowed by the City's Rent Stabilization Ordinance pursuant to L.A.M.C. Sections 151.06D and 151.07A6, which is recommended for elimination in the "*Economic Study of the Rent Stabilization Ordinance and the Los Angeles Housing Market*," and freezes rents at the current level for a one year period.

I FURTHER MOVE, that the City Council instruct the Chief Legislative Analyst in conjunction with the Los Angeles Housing Department to make technical corrections to this motion and assist the City Attorney to produce an ordinance that would take into effect before the July 1st 2010 rent increases.

PRESENTED BY


RICHARD ALARCÓN
Councilmember, 7th District

SECONDED BY



APR 14 2010


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