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Council File 18-1245: What Does The City Of LA Have Against Renters?

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What Does The City Of LA Have Against Renters?

The new regulations for short-term rentals allow homeowners to rent out their primary home, as well as renters in Los Angeles whose units do not fall under the Rent Stabilization Ordinance.

The only problem with that is that 65% of Angelenos are renters, and 85% of those renters are in Rent Stabilized homes (anything built before 1978). LA has the fourth largest percentage of renters in the country, according to the city's Housing & Community Investment Department, paying one of the highest average rents in the country.

The myth that these renters are paying fractions on the dollar of non-RSO units is fallacious. The average RSO renter pays only about $600 less per month, and even that is misleading, as newer buildings tend to be in higher income areas. Tenants move an average of every five years; after a vacancy, all RSO units revert to market rates. The city grants a 3-4% increase every year in these units which, compounded over time, often exceeds the cost of living increases or the cost of inflation.

So why has the city council has decided that the majority of Angelenos should be excluded from the homesharing economy, even if they abide by all the same rules that apply to homeowners?

Renters need the extra income they earn from sharing their homes for the same reasons that homeowners do – to help with medical bills, to make ends meet after being laid off, to get by between freelance gigs or while they serve as unpaid caregivers. Renter hosts pay the city the same 12% tax that homeowners and major hotel chains pay. Just like homeowners, they provide jobs for cleaning and maintenance crews, they make travel affordable to many who may not otherwise come to our city and spend their dollars in our restaurants and other local businesses.

But only homeowners and 15% of renters will be afforded that privilege starting November 1st.

The City Council cites concerns about the housing shortage, but that assertion defies logic. **Allowing a tenant to rent out a spare bedroom or their home when out of town does not take a single unit off the long-term rental market. Indeed, it allows those who might lose their rental to stay in their home until they get back on their feet.**

This makes it all the more baffling that the city is considering a carve-out for RSO owners to rent out not only their primary home, <u>but also another unit in buildings of four or fewer units, creating the only exception to the primary residence requirement</u>. This would definitely take RSO units off the long-term market. Renters in the same building would also be afforded the right to STR, but the vast majority of renters are in non-owner-occupied buildings and would be locked out of the homesharing economy.

If the city wants to cut down on the abuse of short-term rentals, they could begin by targeting real estate companies or unscrupulous individuals that rent out or buy up dozens of units for the purpose of turning them into vacation rentals. By enforcing the primary residence requirement, the city already has the tools it needs to limit STRs to mom-and-pop hosts who do not threaten the long-term rental supply, and might risk losing their homes without the extra income they've come to rely on.

The council and PLUM committee's insistence on disenfranchising the vast majority of renters in non-owner occupied RSO units belies a dismissive, if not elitist, view of renters, relegating them to second class citizens undeserving of the same economic opportunities as home owners. This discriminates against renters, who tend to be younger and less financially secure than owners who can afford the median home price of $849,000.

Even with rent stabilization, the median rent in LA is $2,483/month, making 61% of renters "rent-burdened". Homeowners without mortgages pay 15.8% of their income toward shelter costs, while those with mortgages pay 38.8%. **But renters in LA pay 54.2% of their income on their rent.**

Rather than address this disparity by building more affordable housing, or putting a stop to the 20,000 RSO units taken off the market in the last 18 years, the city decided to **further punish cost-burdened renters in RSO units by excluding them from the homesharing economy, one of the few opportunities to alleviate their rental burden.**

As a freelancer, I've never been able to qualify for a mortgage, but I've paid more to the landlords over my 30 years than the asking price of a comparable home at the time of move-in. I host when out of town half the year being an unpaid caregiver to my parents. **Tenants pay off our landlord's mortgages, yet the city affords only owners the privilege of earning income renting out their home when out of town.**

Not only is this a morally unconscionable decision, it is a legally perilous limb for the city to climb out on, as well as a politically dangerous one, given that renters make up the majority of Angelenos.

And we vote.

RSO tenants in buildings of four or fewer units deserve the same rights as those who live in owner-occupied buildings, or homeowners. **I urge you to allow for equality home-sharing rights for all RSO tenants in small buildings.**

Respectfully,

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