

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 28, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *SM*
Chief Legislative Analyst

Council File No: 19-0002-S114
Assignment No: 19-06-0698

SUBJECT: AB 1110 (Friedman) Rent Increases: Noticing

CLA RECOMMENDATION: Adopt the attached Resolution to include in the City's 2019-20 State Legislative Program SUPPORT for AB 1110 (Friedman) which would require landlords to provide earlier notice of rent increases of 10 percent or more.

SUMMARY

On June 26, 2019 Resolution (O'Farrell - Koretz) was introduced and states the following:

- California is experiencing a housing affordability crisis;
- The Daily News reported that average rent increases in Los Angeles County over the past eight years were 34 percent;
- Currently there are two State legislative proposals to address college-level student homelessness;
- Assemblymember Friedman has introduced AB 1110, which would require landlords to provide earlier notice of rent increases of 10 percent or more; and
- Assemblymember Friedman states that the goal of the bill is to keep rent noticing requirements proportional with the frequency and amounts of rent increases.

The Resolution recommends support for AB 1110 as unexpected expenses can cause immediate strain and financial hardship on households, and this bill would ensure that California renters have more time to make the necessary adjustments to remain housed.

BACKGROUND

The State's analysis of the bill informs that California is experiencing a housing affordability crisis that has resulted in rents increasing at astronomical rates. In 2014, rents increased over 10 percent in major Bay Area cities, and between 2011 and 2018 in Los Angeles County average rent increases were 34 percent. The analysis informs that over half of California renters are "rent burdened" by spending over 30 percent of their income on rent, and 25 percent are "severely rent burdened" by spending over half of their income on rent.

Existing Law

Existing law provides that landlords may increase rents at any time and in any amount, unless a tenant has signed a long-term lease or a local rent control ordinance is in effect. However, if a landlord does raise rents, landlords are required to notify tenants in advance. Current noticing requirements are as follows:

- Rent increases of less than 10 percent require 30 days notice; and
- Rent increases exceeding 10 percent require 60 days notice.

AB 1110

Assemblymember Friedman has introduced AB 1110 which would extend the time requirement for noticing. The extensions, which are set forth below, are in addition to the current noticing requirement of 30 days for rent increases of 10 percent or less.

- Rent increases between 10 and 15 percent require 90 days notice; and
- Rent increases exceeding 15 percent require 120 days notice.

The bill provides that noticing requirements for all rent increases are cumulative for the 12 month period prior to any rent increase. AB 1110 does not restrict a landlord's ability to raise rents.

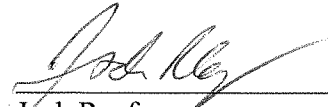
The Author advises that rent in California is approximately 50 percent higher than the rest of the country and, therefore, dramatic increases in rent can create significant financial pressure on tenants of all income levels, including those who are living paycheck-to-paycheck. Furthermore, the bill analysis advises that moving is costly, time-consuming, and stressful for renters. For example, renters have to: pay a security deposit and first and last months rent; juggle family and work duties; and find time to pack and unpack all of their belongings on short notice. The Author advises the bill allows for more time to plan for expenses, and more time can be the difference between a renter staying in their home or getting evicted.

Supporters include the Cities of Glendale and Beverly Hills, AIDS Healthcare Foundation, East Bay Housing Organizations, and the League of California Cities.

The Southern California Rental Housing Association has filed opposition to the bill, noting that a 60 day noticing requirement was not considered, and extended noticing timelines could make operations more difficult for those who use software platforms to calculate rents and notices.

Bill Status

AB 1110 was introduced in February 2019. The legislation passed the Assembly on May 22, 2019, and is pending in the Senate's Judiciary Committee.



Jack Reef
Analyst

Attachment: Resolution

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, by all accounts, California is experiencing a housing affordability crisis; and

WHEREAS, according the California Legislative Analyst Office, the average rent in the State is approximately 50 percent higher than the rest of the country; and

WHEREAS, earlier this month, the Daily News reported that average rent increases in Los Angeles County over the past eight years were 34 percent; and

WHEREAS, as a result of these high and continually increasing rents, over half of California residents are "rent burdened," meaning that they are spending over 30 percent of their income on rent, and one quarter of residents are "severely rent burdened" and are spending more than half of their income on rent; and

WHEREAS, dramatically rising rents can create significant financial pressure on tenants and contribute to homelessness, Assemblymember Friedman has introduced AB 1110, which would require landlords to provide earlier notice of rent increases of 10 percent or more; and

WHEREAS, AB 1110 would require landlords to provide notice of rent increases between 10 and 15 percent 90 days in advance, and rent increases over 15 percent should be noticed 120 days in advance; and

WHEREAS, Assemblymember Friedman further states that, although this bill does not alter a landlord's ability to raise rents, the goal of the bill is to keep rent noticing requirements proportional with the frequency and amounts of rent increases; and

WHEREAS the City should support this legislation as unexpected expenses can cause immediate strain and financial hardship on households, and this bill would ensure California renters have more time to make the necessary adjustments to remain housed;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-20 State Legislative Program SUPPORT for AB 1110 (Friedman) which would require landlords to provide earlier notice of rent increases of 10 percent or more.

PRESENTED BY: 

MITCH O'FARRELL
Councilmember, 13th District

SECONDED BY: 

ORIGINAL

JUN 26 2019

