

HOUSING

MOTION

Los Angeles is facing a housing crisis fueled by a shortage of affordable housing supply -- a crisis that is pushing too many people out of homes and onto the streets. With an increase of 16% in the City's homeless population over last year, a comprehensive solution is needed to address this crisis from every possible angle.

With a shortage of more than 500,000 units of affordable housing, we need every possible housing unit to be on the market for long-term renters. Yet a growing trend known as "corporate housing" threatens to reduce supply and drive up prices in many Los Angeles neighborhoods.

Extended-stay apartments -- temporary tenancies of less than one year, often of a furnished unit -- used by business travelers have come to be known as "corporate housing." By reducing the stock of apartments available to tenants in need of a home and turning them over to business travelers willing to pay higher prices for temporary housing, companies participating in this trend may be exacerbating the housing crisis.

Real estate experts have attested that an increase in corporate housing could push prices up in neighborhoods where many companies operate because there would be less housing available for long-term rentals. Landlords would face less pressure to reduce rents with fewer properties vacant.

Of particular concern is the use of rent-controlled units for corporate housing rather than permanent residents. In Los Angeles, the supply of older rent-controlled buildings has been on the decline as a development boom has led to gentrification. Since 2001, property owners have filed to remove more than 25,000 RSO units from the market. With short-term rentals in RSO units, landlords can raise prices when a tenant vacates the unit, essentially nullifying the long-term RSO protections for renters.

Beginning July 1, Los Angeles will adopt a short-term rental ordinance to ban stays of 30 days or less in rent-controlled buildings or units that are not the owner's primary residence. The City should examine whether a similar policy is needed for corporate housing. More information is needed on the impacts of corporate housing in the City of Los Angeles and impacts on the long-term housing supply and prices, but Los Angeles cannot wait for action to protect needed RSO housing units in Los Angeles.

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I THEREFORE MOVE that the City Attorney, Department of Planning, and the Housing and Community Investment Department, draft an Interim Control Ordinance requiring an initial 12-month minimum lease in RSO buildings.

I FURTHER MOVE that the Chief Legislative Analyst, in coordination with the ^{City} Chief Administrative Officer, Department of Planning, and the Housing and Community Investment Department, report back on the number of corporate housing units in use in the City of Los Angeles; the number of units subject to Rent Stabilization Ordinance being used for corporate housing; the number of units not subject to the Rent Stabilization Ordinance being used for corporate housing; and the impact corporate housing has on the stock of long-term rental housing supply in general. The report should include recommendations drawing from actions taken by other cities as well as new ideas to address corporate housing, and the fastest process by which such action could occur in Los Angeles.

PRESENTED BY:



MIKE BONIN
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SECONDED BY:



ORIGINAL