

SUMMARY OF KEY POINTS AND RECOMMENDATIONS

Controlling Rent panel

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KEY POINTS

- Around half or 20 million Californians are renters
- Some of the highest median rent prices are in California and Ventura County (2-bedroom apartment):
 - California - \$2,338, compared to Texas - \$1,214, Idaho - \$1,123
 - Ventura County's overall average apartment rent in July 2023 was \$2,573
 - City of Ventura average - \$2,794 and Thousand Oaks - \$3,131
- Rental rates are up over 75% in 10 years.
 - Ventura County average: July 2022 to 2023 4.8% increase; July 2021 to 2022 a 7.4% increase; July 2020 to 2021 a 10.9% increase ... a 23% increase in three years.
 - Reasons include:
 - Inflation: landlords recoup their increased expenses/costs by increasing rents
 - Lack of inventory: Statewide vacancy rates are below 4% (all-time lows); Ventura County is typically at or below 3%
 - Recently - landlords making up for pandemic-era regulations
 - Lower workforce mobility from remote working lowers turnover, reducing supply
 - Significant barriers to homeownership (low affordable inventory, high interest rates, high costs to build and supply new homes) leave renters in-place.
- 2019 California and Oregon first states with statewide rent control protections
 - AB1482 - California Tenant Protection Act
 - Restricts allowable annual rent increases to 5% plus local cost of living adjustment of no more than 5%, with a maximum of 10%
 - Does not apply when tenant vacates
 - Eviction Protection
 - ◆ Tenants cannot be evicted except for under the provisions of "at fault" or "no fault" stated below. Tenants must be provided with an opportunity to correct (e.g. rent payment).
 - ◆ Applies when over one year of tenancy
 - ◆ Apartments less than 15-years old, single-family homes, condos are exempt
 - ◆ "At Fault": Not paying rent, Criminal activity in unit, Breach of lease (landlord must give chance to correct)
 - ◆ "No fault": Owner moving into unit; Converting apartment to condo; Renovating or demo unit (substantial remodel for more than 30 days); Must offer tenant "relocation fee" of one month's rent
 - Locally, Oxnard and Ojai have similarly added another layer to the state rent control
 - Limit rent increases, including COLA, to a maximum 4% per year (state is 5% with an additional 5% for COLA)
 - Owner can petition city for variance challenging rent increase maximum
 - Both cities have separate and tighter "Just Cause and Tenant Protection Ordinance"
 - ◆ Applies to tenancy after 30 days (state is one-year)
 - ◆ "No Fault" Eviction: Two months' rent or \$5k, whichever is greater
 - State law (Costa-Hawkins Act) prevents cities from applying new rent control policies to anything built after the act was passed, in 1995.
 - Several cities are contemplating adding rent control measures, including Ventura and Santa Paula; recently, Port Hueneme did not approve.
- Arguments for Rent Control

- Tenant has greater financial stability
- Longer tenancy, less vacancy and stronger tenant connection to property – reduces turnover costs, and possibly wear-n-tear.
- Provides stability and a longer period for move out for no cause evictions.
- Rent control is a necessary “band-aid”. Society needs to collectively help those in need.
- Arguments against Rent Control
 - Disincentive to build new when return on investment is artificially capped
 - Hurts the owner’s ability to recoup their rising costs (insurance, taxes, materials, maintenance, etc.)
 - Less incentive to maintain and improve buildings when profit margin is being squeezed by increasing expenses.
 - Creates a black market with tenants subleasing to others.
 - Areas with long established rent control benefit those that got the deal first, regardless of income. People will stay in their rent-controlled space long after they could afford elsewhere eliminating the space for people with much lower incomes.
 - Further limiting rent increases could stifle small “mom and pop” rentals, families that rely on rental income.
 - Unfair to landlords who held rents low for many years; encourages automatic maximum rent increases from landlords.
- Additional Comments and Talking Points
 - Some owners/landlord feel like they are being blamed (at least partially) for the housing crisis.
 - State insurance regulations and insurance issues affect property owners’ decisions; many insurance companies left the state or are not taking new policies
 - Good people on both sides (landlord and tenant) and conversely too.
 - Can’t forever get in the way of supply and demand; Aster rental demand an incredible amount of
 - Can we build our way to equilibrium? Too attractive of a place to live; will never have enough housing to meet the demand.
 - A local city mayor expressed opposition to rent controls, stating rent control was the wrong way of approaching housing affordability and was only a quick fix.
 - Housing is a human right; as a society, we need to make sure the lower-income workforce and service industry folks in our community are protected.
 - Concern that short-term rentals cause shortages of rental housing and increased rents.
 - <https://www.vcstar.com/story/news/local/2023/10/18/tenants-at-oxnard-complex-hit-with-20-rent-increase/71091055007/>

RECOMMENDATIONS

- Rent control discussion and policy making should include more local data and analysis; a lack of real-world data leaves the approach up to scrutiny.

