

## Communication from Public

**Name:** The real victim of bad housing policy

**Date Submitted:** 09/26/2022 08:28 AM

**Council File No:** 21-0042-S3

**Comments for Public Posting:** Small business rental housing providers are already reeling from over two years of challenging rent collections, ban on rent increases, and enormous increases in building and operational costs which continue to rise during this hyperinflationary period. Simultaneously, over the last two years, City rates and fees including for the Systematic Code Enforcement Program (SCEP), RecycLA, and Los Angeles Department of Water and Power have also significantly increased. Continuation of these moratoriums will force small business rental housing providers to remove their buildings from the rental market. Buildings are already being removed from the rental market or sold to developers or corporate property owners who will turn the City's naturally occurring affordable housing into condominiums or luxury rental units. The already scarce affordable rental housing will be gone, a situation that harms everyone. Only rental housing providers remain subject to these expansive COVID measures – no other businesses have been subjected to prohibitions that freeze prices, limit legal remedies for pursuing revenue collections or impede contractual agreements. These emergency measures were imposed during an unprecedented emergency and put in place to address tremendous public health and safety concerns. Over the past two plus years, we have gained a better understanding of COVID-19, with a vaccine and a booster now readily available, schools have re-opened, business sectors are back to normal operations, and individuals are working and/or have new employment opportunities, and there has been mass attendance at large scale events such as this year's Superbowl. All of these changes reflect the vast difference in our lives today as compared to over two years ago when the pandemic began, and these emergency actions were taken. Nearly all of other jurisdictions across the Country have lifted similar moratoriums. Despite the significant strides made both in our understanding of the virus and the economy, the City's emergency policies remain unchanged from those that were instituted at the very beginning of this pandemic. It is long overdue for the City to seek an equitable path forward and bring an end to the moratoriums. The rent increase freeze must end with the eviction moratorium this year! NOW is the time for the Rental Housing Industry, like all other businesses, to be allowed to resume normal business operations. These moratoriums were

intended as temporary emergency measures in response to an unprecedented event and must not be used as the impetus to hastily advance permanent housing policies without thoughtful deliberation.

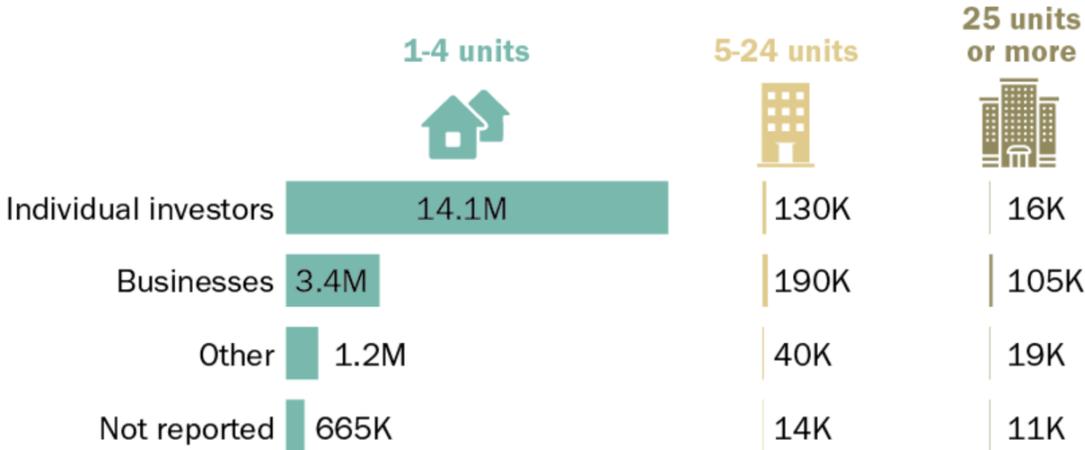
The eviction moratorium is driving small, mom-and-pop landlords out of the business.

This will leave rental housing to large, corporate landlords and public housing agencies. The affordable housing crisis will only get worse.

Small landlords are more invested in keeping good tenants than corporate landlords are.

### Most landlords are individuals who own just a few units

*U.S. landlords by number of units owned, 2018*



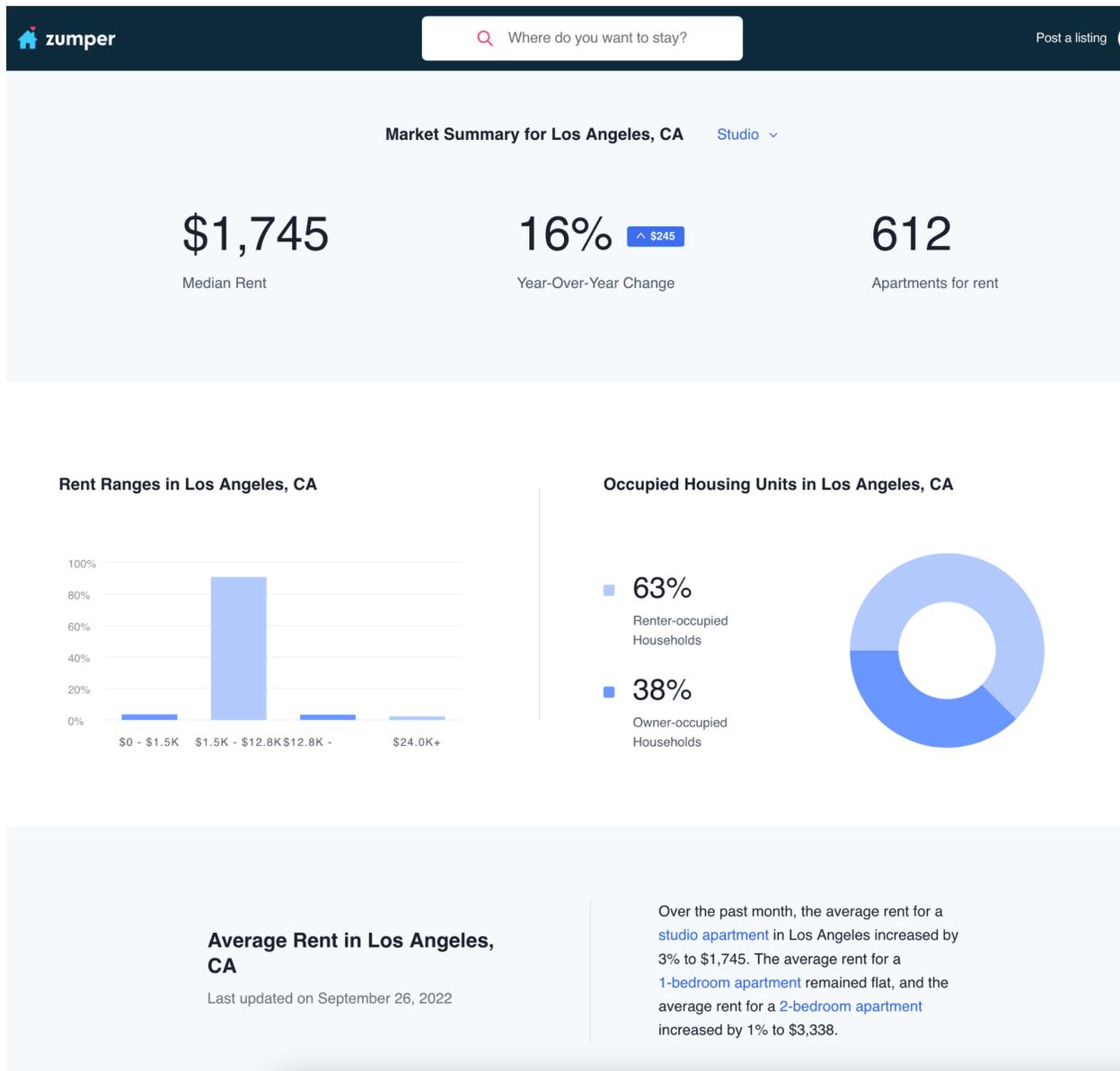
Note: "Other" includes nonprofits, cooperatives, trusteeships and other ownership forms.

Source: Census Bureau, "Rental Housing Finance Survey," 2018; Pew Research Center analysis.

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The longer you extend the eviction moratorium, the bigger the housing shortage will get and more expensive rents will become thereby shutting even more people out of housing.

Rents skyrocketed this year in Los Angeles. The average rent for a studio in Los Angeles vaulted 16% year over year in September 2022 while one-bedroom units surged 14%, according to Zumper.com.



I can provide anecdotal reasons as to why. I used to rent rooms in my house to help pay my mortgage. The eviction moratorium destroyed my right to make my housemate to

leave if we didn't get along. Eviction was the only recourse I had if I ended up picking a bad housemate. This can happen to anyone because people change. Tenants could be your best friends for the first three months and then turn into monsters.

The eviction moratorium forced me to live under the same roof with someone making my life hell. She demanded \$6,000 to leave plus forgive \$6,625 on back rent. I had no choice because I couldn't tolerate the abuse. I am grateful she didn't demand more.

I no longer rent rooms in my home for fear of this happening again. Making no money is better than providing free housing indefinitely and paying cash-for-keys offers.

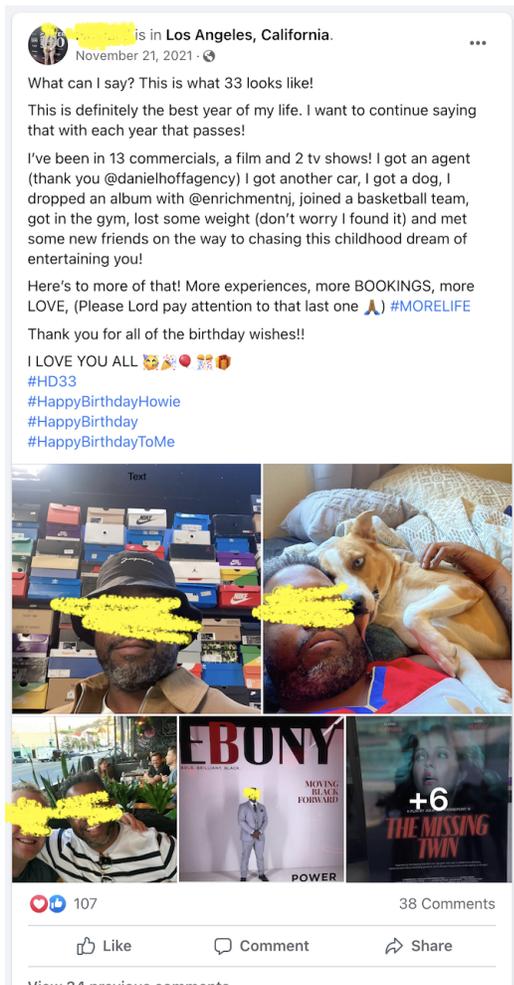
Multiple that by a few hundred if not thousands of homeowners who made the same decision. Fewer people renting a room in a home leads to more demand for one-bedroom apartments and studios, which led to rents rising three times the normal rate.

The supply of rental units are being choked because delinquent tenants are getting free rent and have no incentive to downsize or move to a lower cost area.

# Call it the biggest housing heist in U.S. history.

Most of my tenants work but some refuse to pay rent. I have no recourse. The eviction moratorium has legalized the theft of services.

One of my tenants bragged about buying “another car” on Facebook and getting a dog. He owes me more than \$9,000 in back rent even after getting \$16,225 in rent relief. Another tenant traveled the world in 2020. And a third tenant bought a car as well and then totaled it.



The tenants are holding me hostage and forcing me to provide a service free of charge. The longer this continues the more real estate investors will take their business to other cities and other states, thereby leaving Los Angeles with fewer rentals and higher prices, which will leave more people out on the streets.

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In LA, 64% of households rent instead of own. Only 7% of taxpayers report rental income.

It's understandable lawmakers have to protect their jobs and votes by pandering to tenants, who greatly outnumber landlords by a wide swath. Hence you must write ordinances that are favorable to the tenants and unfavorable to landlords.

But your short-term solution is going to have long-term consequences that will hurt more people than it helps. As a landlord, I can't give anyone the benefit of the doubt anymore. I rented a house to a group of five Millennials. I made them pay a triple deposit and get each of their parents to cosign even though they all have good jobs.

Who is going to house all the people who have no co-signers and enough money for an oversized deposit? It's no wonder homeless people in a Facebook group say it's harder to find a rental now compared with before COVID.

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Landlords are never given a break on their bills, so they cannot afford to let their tenants stay for free.

Property taxes must be paid regardless of whether any income is collected.

A property owner must pay many expenses – insurance, mortgage interest, utilities, maintenance – even if their tenants don't pay the rent.

If local or state governments step in with regulations like this that only favor tenants, investors will decrease their investments and good rental stock will dry up.