

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 16, 2023

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

FROM: Sharon M. Tso *HEK for*
Chief Legislative Analyst

Council File No. 23-0002-S51
Assignment No. 23-06-0316

SUBJECT: Resolution (Hernandez—Yaroslavsky) to Support AB 1317 (Carillo), to Unbundle Parking from Price of Rent.

CLA RECOMMENDATION: Adopt the attached Resolution (Hernandez—Yaroslavsky) to include in the 2023-2024 State Legislative Program support for AB 1317(Carillo), which would require new developments to unbundle the price of parking from rent.

SUMMARY

Resolution (Hernandez—Yaroslavsky), introduced May 31, 2023, reports that bundled parking is the practice of hiding fees within the price of rent. The resolution notes that bundled parking incentivizes car ownership, discourages alternative forms of transportation, and results in an additional metric ton of carbon dioxide emitted annually. A study from UCLA found that households with bundled parking spend \$580 more on gasoline and drive 3,800 miles more. Unbundling parking would ensure that tenants in Los Angeles County are not inappropriately burdened by parking costs. The Resolution therefore recommends the City's support for AB 1317, which would unbundle parking costs in new housing developments.

BACKGROUND

More than 3,000,000 households in California are renters who pay more than 30 percent of their income toward rent and nearly one-third of households pay more than 50 percent of their income toward rent. One component of the high cost of housing is linked to bundled parking that specifically affects non-vehicle owners and can act as hidden fees within a lease. A UCLA study found that this can cause an average \$200 increase in rent each month. Though presented as "free," parking fees can be enclosed within the costs of rent. This forces tenants without vehicles to pay for an amenity they do not use. Bundled parking encourages car use which has negative social and environmental effects, including traffic congestion, carbon emissions, and air pollution. These bundled prices make it difficult for those who wish to forego car ownership or limit the number of cars in their family as they are obligated to pay for the price of parking, whether it be a bundled parking price or embedded within the cost of their unit. This could also result in the construction of residential parking in space that could otherwise be used for additional housing.

AB 1317 (Carillo) would grant tenants of qualified residential properties a right of refusal of parking spaces built for their unit. The bill defines qualifying residential property as any

dwelling or units intended for habitation and (1) is issued a certificate of occupancy on or after January 1st 2025 and (2) consists of 16 or more residential units.

AB 1317 allows tenants without vehicles to pay a price for their housing reflective of their needs and create housing that is more affordable. This provision will also decrease car dependency, traffic congestion, and carbon emissions.

AB 1317 requires that qualified residential property owners unbundle the cost of parking from rent leases in designated counties including Los Angeles. Unbundled parking separates and identifies housing costs from parking costs. This allows tenants to choose the number of parking spaces, if any at all, and pay according to market price. If the qualified residential property owner can't meet market prices, then they must provide evidence for their inability to meet market price for at least four years.

There has been registered support from 48 local organizations, including Abundant Housing LA, Active San Gabriel, City of Santa Monica, Northern Neighbors, Climate Resolve, and California Community Builders.

A coalition of statewide and regional housing associations are opposed to this bill, stating that it would place additional burdens on already burdened rental property providers.

BILL STATUS

02/16/23 - Introduced

03/13/23- From Committee chair, with author's amendments: Amend, and re-refer to Com. on JUD. Read second time and amended.

04/18/23 - Re-referred to Com. on JUD.

05/31/23 - Read third time. Passed. Ordered to senate.

06/01/23- In Senate. Read first time. To Com. on RLS. for assignment.



Salma Murphy
Analyst

Attachments: Resolution (Hernandez—Yaroslavsky)

RESOLUTION

WHEREAS, the high costs of parking from construction, maintenance, and property taxes are often hidden from tenants due to the availability of “free” parking; and

WHEREAS, according to research from UCLA, the price of parking increases the lease price of a rental unit by approximately \$200; and

WHEREAS, the availability of bundled parking incentivizes car ownership and discourages alternative forms of transportation, which negatively impacts the environment and contributes to traffic congestion; and

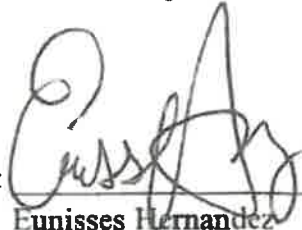
WHEREAS, according to research from UCLA, households with bundled parking drive 3,800 miles more, spend \$580 more on gasoline, and emit an additional metric ton of carbon dioxide annually; and

WHEREAS, AB 1317 would unbundle the price of parking from the price of rent in new developments; and,

WHEREAS, this is an important decoupling of costs to ensure that renters across the State are not unduly burdened by the cost of parking;

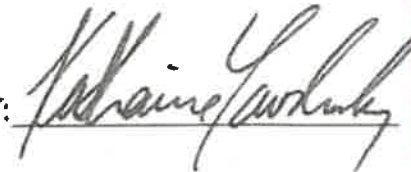
NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-2024 State Legislative Program SUPPORT for AB 1317 (Carrillo) which would unbundle parking from the price of rent.

PRESENTED BY:



Eunisses Hernandez
Councilmember, 1st District

SECONDED BY:



ORIGINAL

MAY 31 2023

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