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RENT CONTROL MYTHS AND LANDLORD MONEY HOUSING

REAL ESTATE LOBBIES ARE PUSHING HARD IN SACRAMENTO TO PREEMPT LOCAL RENT LAWS

By PETER DREIER. Los Angeles Times. Jun 17, 1994. pg. 7

With the departure of rent-control champion David Roberti from the state Senate, the landlord lobby-the California Apartment Assn., California Assn. of Realtors and California Housing Council-sees a chance to kill local rent regulations. The lobby's bill, introduced by Assemblyman Jim Costa (D-Fresno), would remove local communities' right to limit rent increases when a rental unit is vacated. If enacted, this legislation would exacerbate the state's already severe housing crisis. Some Los Angeles officials have also suggested eliminating the city's mild rent control, a move the City Council opposes.

For years, the landlords' lobbyists have tried to persuade legislators to preempt local rent regulation, which protects residents from housing speculation and displacement. According to records filed with the secretary of state, the landlord lobbies spent \$7.2 million in 1992 and 1993 combined, not including their campaign contributions. But pressure from local officials (who view such legislation as a violation of local control), tenants and senior citizens, and the powerful Roberti, has thwarted the landlords' agenda. Now, the landlords smell a new opportunity.

California has the highest housing prices and the biggest gap between incomes and rents in the nation. Nearly one-third of all California renters pay at least one-half of their incomes for housing.

The recession has reduced some rents, but the situation overall is worse, not better. Layoffs and unemployment make many families' housing situation even more precarious. Where rent levels have declined, it has been almost entirely at the high end of the market.

Currently, 14 municipalities in California (including Los Angeles, Oakland, San Francisco and San Jose) have some form of rent regulation on apartments; about 100 regulate rents on mobile homes.

Unfortunately, much of the debate around rent control is based on myth rather than the actual experience. Studies conducted by independent researchers and not sponsored by the real-estate industry conclude that rent control does not have adverse consequences for new construction, maintenance and other measures of investment in rental housing.

Some people believe that providing needy Californians with rent subsidies is a more efficient way to help house people who really need it. In fact, rent control is more cost-effective for taxpayers. One recent study estimated that if Santa Monica, West Hollywood and Berkeley abandoned their rent-control programs, it would cost the state's taxpayers about \$160 million a year to maintain the existing levels of affordability. Costs for a statewide program would bust the state's treasury.

Some people also mistakenly believe that rent control freezes rents and makes it unprofitable to own rental housing. In fact, every rent-control system in California provides for annual across-the-board rent increases as well as individual rent adjustments. These allow landlords to make capital improvements, maintain buildings and derive a fair profit. Rent control simply limits gouging and speculation.

But doesn't rent control lead landlords to defer maintenance? Experience says no, because local rent-control laws require landlords to maintain their properties in accord with health and safety codes in order to receive approval for rent increases. Then doesn't rent control lead landlords to abandon their buildings? Common sense and hard reality suggest otherwise. Santa Monica and West Hollywood have the state's strongest rent laws, but earthquake aside, there are few abandoned or foreclosed apartment buildings in either city.

The landlord lobby argues that rent control discourages builders and banks from investing in rental housing. But all rent-control laws specifically exempt new construction. Some critics also claim that such laws mainly help affluent Yuppies. The landlord lobby can certainly point to a few upper-income people living in these apartments-anecdotes they use to make their point. But these are exceptions.

A new UCLA study demonstrates that in the four cities with the strongest rent-control laws (Santa Monica, West Hollywood, East Palo Alto and Berkeley), the mix of renters-including the elderly, the poor and people of color-remained relatively constant between 1980 and 1990. Without rent control, low-income tenants and people on fixed incomes would face constantly rising housing costs. Many would face displacement.

The apartment industry has enormous resources invested in attacking the rights of localities to protect renters from the forces of the housing market. The reality is not what the landlord lobby wants people to believe. No powerful group should be able to hang a "for rent" sign on the state Capitol. The Legislature should resist the tide of myth and money pouring from the landlord lobby and reject the Costa bill.

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