

Communication from Public

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Comments for Public Posting: I am a small housing provider of RSO units in the City of LA. I strongly oppose the proposal to reduce the rent increase formula and decouple the increase formula from the shelter component of the CPI. The shelter component is the only component that currently reflects costs related to maintaining housing. More importantly, operating costs for apartment owners, even with the current increase formula, are far outpacing the CPI, with maintenance costs over the last decade, rising 25% more than the CPI and insurance costs rising 17% in just the last 20 months. Furthermore, the city has over the last several years passed many new regulations adding significant cost, complexity and liability to operating housing in Los Angeles. The city left rents frozen for four years during a high inflationary period when operating expenses skyrocketed, and then did not allow owners a chance to "catch up" from those losses. Many owners including myself were also never paid back the unpaid rent from the Covid eviction moratorium and exhausted much of their savings during that time. The city is currently considering a cooling mandate with no passthroughs and there is the raised stairway/balcony mandate due for compliance in Dec 2025. These will also add significant cost burdens for owners, especially smaller owners who simply cannot afford this level of capital expenditure. I also urge you to carefully scrutinize the highly problematic report from The Economic Roundtable on which LAHD based its recommendations. As pointed out in the peer review rebuttal study by Beacon Economics, the original report contains outdated data, errors, questionable methodology and flawed logic. It appears the authors of this study essentially had a desired conclusion and misused data points and outdated and even false information to achieve it. For example, expense estimates in the report are vastly under-stated creating inaccurate "profit" numbers for landlords. Additionally. The report claims that small mom and pop owners are not facing any financial strain and are actually advantaged by the fact that they have "less vacancy turnover" while failing to recognise that that statement is false and the very opposite is actually true. Less turnover in an RSO market is the exact factor that strains smaller landlords as they are unable to adjust rents to market levels without a vacancy, making it much more difficult to cover rising costs as time goes on and operating cost increases

exceed rent increases. It's extremely problematic when our public representatives and LAHD are basing important decisions on essentially false and biased reporting like this. While these are a few examples, there are many more issues with the report than mentioned here. I would ask that the committee question the validity of this report and LAHD's reliance on it. Most of the City's RSO housing units are 80-100 years old and require an intensive level of upkeep and investment in major systems to keep them safe and habitable for tenants. It is a constant and ongoing project which requires a significant amount of cost. Cutting the rent increase significantly undermines our ability to continue to maintain the aging housing stock throughout the city.