



October 9, 2025

Committee Members
Housing & Homelessness Committee
200 North Spring Street
Los Angeles, CA 90012

RE: Los Angeles Rent Stabilization Ordinance Annual Rent Increase Formula (Council File #23-1134)

Dear Committee Members,

Please find below the Keep LA Housed (“KLAH”) coalition’s responses to the questions submitted by council members to the council file on October 3, 2025.

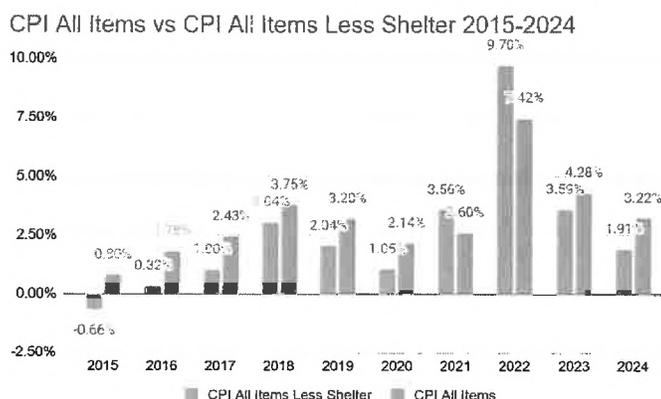
Are there any models of pass-through of actual gas, water, or electric costs to unmetered tenants?

The only way of passing through to tenants the *actual* costs for their utilities is to individually meter each rental unit. The costs of doing so - while a substantial capital improvement - are far from prohibitive and could themselves be amortized and shared with the tenants themselves under LARSO’s capital improvement process.¹ Instead of pursuing that process, landlords are engaging in a variety of behaviors to financially exploit utility expenses, either by benefiting from LARSO’s existing 2% bump for utilities or by illegally imposing Ratio Utility Billing Systems (“RUBS”), whereby landlords guesstimate a unit’s utility expenses by square footage, number of occupants, or monthly rent.

¹ See Los Angeles Municipal Code § 151.02, and Capital Improvement Program – LAHD.

Please provide 10 years of data on CPI without housing (100% CPI-Less Shelter), compared to CPI.²

Keep LA Housed analyzed CPI data and created the following chart that compares CPI with and without shelter.



Please expand on the rationale for using CPI without housing?

Rent increases are tied to CPI under LARSO in order for those increases to correspond to regional inflation. When the cost of housing is included in CPI, rent increases themselves - and not regional inflation - will authorize further rent increases, resulting in a circular logic that incentivizes landlords to increase rents regardless of increased costs due to regional inflation. If regional inflation is low but landlords nonetheless sharply increase rents - due to a natural disaster or simply as their right for non-RSO units - then those rent increases will drastically affect the authorized rent increase for RSO units as well.

Please provide any examples of jurisdictions that use CPI without housing as a guide for increases.

Housing costs currently account for roughly 30 to 40% of annual inflation costs. 16 out of the 33³ jurisdictions in California with RSOs address these “circular” housing costs by utilizing a formula that does not use 100 percent of CPI All Items. Instead, these jurisdictions allow landlords to increase rent at a reduced percentage of CPI, usually 60 to 75 percent of CPI. This addresses the circular logic of including housing costs while retaining CPI All Items as the base measurement. Economists consider CPI All Items a more stable measure of CPI than CPI less Shelter, which is susceptible to sharp spikes of high and low inflation.

² Created with data found at <https://data.bls.gov/multi-screen?survey=cu>.

³ A table listing the different RSO rent increase formulas is listed in the Economic Roundtable Report. Economic Roundtable, Equitable Rent: Rent Stabilization Standards in the City of Los Angeles 126 (2024).

Please provide an analysis of the actual costs of extra tenants in a unit. Why was it set at 10% in the ordinance?

KLAH is unaware of the analysis used by the City to establish the recommendation for the 10% rent increase for an extra tenant. The only likely impact in cost to a landlord is an incremental increase in utilities paid by the landlord. It is highly unlikely that this increase would reach the cost of a 10% rent increase, which would be about \$250 per month for an average rent in Los Angeles. The Economic Roundtable found that even a 1-2% increase for gas and electricity far outweighed the cost of providing those utilities.

Please provide an analysis or discussion (or legislative history) of why there is currently a floor of above zero.

The 3 percent rent increase floor was the result of an arbitrary compromise between tenant advocates and landlords. In 1979, Los Angeles passed a rent-stabilization ordinance that placed a seven percent cap on all rent increases.⁴ In 1985, tenant advocates demanded a new formula that would set all annual rent increases to 65% of the annual change in CPI.⁵ Landlords demanded the City Council retain the 7 percent annual rent increase cap. Instead, the City Council approved a compromise that set annual rent increases to anywhere from 3 to 8 percent, based on the annual increase in the CPI index. This compromise was “arbitrary” because it ignored a \$600,000 study sponsored by the City that found that “landlords’ operating costs represent only about 58% of the [CPI] index.”⁶ In the wake of the Economic Roundtable report, the City Council finds itself in an eerily similar situation today, one where they must choose between tenant demands backed by city-sponsored findings that landlord operating expenses are a fraction of the annual increase of CPI⁷ and landlord’s demand for the status quo.

How would a “banking” provision be implemented, enforced, audited, or reviewed?

It is unclear how a “banking” provision would be implemented, enforced, audited, or reviewed. However, we remain very skeptical of adopting a rent banking policy that will increase the administrative burdens on LAHD during a period of federal, state, and local budget cuts.

As we expressed in our letter on LARSO updates, Keep LA Housed’s position is: “The LAHD recommendation is surprising for five reasons. First, there is no current provision in LARSO for a rent banking mechanism. Second, unlike all other LAHD recommended changes, rent banking is not recommended, nor even mentioned once in the 193 pages of the Economic Roundtable report. Moreover, LAHD fails to explain its policy rationale for rent banking in its own report. This is likely because there is little policy rationale for this provision. Third, implementing a rent banking scheme would require LAHD to utilize valuable resources and manpower on implementing an administratively burdensome policy that

⁴ Shane Phillips, Policy Brief: Revisiting LA’s Rent Stabilization Ordinance and “Allowable Rent Increases” UCLA Lewis Center for Regional Policy Studies 2 (2019).

⁵ Id.

⁶ Frank Clifford, L.A. Limits Rent Hike to 4% for Year : Council Revises Law to Allow Annual Increases of 3% to 8%, Based on CPI, L.A. Times, May 22, 1985, <https://www.latimes.com/archives/la-xpm-1985-05-22-mn-16722-story.html>.

⁷ Economic Roundtable, Equitable Rent: Rent Stabilization Standards in the City of Los Angeles 138 (2024).

could be used in more productive ways. Fourth, our research into other jurisdictions has not yielded any RSOs with rent banking as described by LAHD. Fifth, allowing banking would create confusion for landlords and tenants, potentially leading to accidentally illegally high increases.”

Can there be a self-certification of “mom and pop” landlords that is cost-effective and accurate?

The existing LAHD process for being designated a small landlord uses self-certification. LAHD does not and has never investigated the veracity of “mom and pop” landlord’s self-certified status. Instead, it falls on tenants to challenge landlord’s declarations, e.g. when tenants dispute the lower relocation amount demanded of small landlords. Tenants only have a limited amount of time however to appeal such relocation assistance determinations, and if a tenant misses these deadlines, there is little to no remedy for landlords lying about their number of rental properties. Currently, LAHD lacks the capacity to do any investigation about the veracity of landlords’ claims regarding their self-certified status.

During the Housing & Homelessness committee meeting, there was a question if any research has been done in any jurisdictions on RSO/tenant protections’ impact on small landlords exiting the market.

In a case study in Washington, researchers examined the likelihood of small landlords selling off their properties in response to tenant protections enacted in Seattle that received harsh backlash from landlords.⁸ The researchers defined small landlords as those with four or fewer rental units. By comparing housing trends in Seattle, before and after the passage of the tenant protections, to housing trends in the rest of the county, researchers found that there was no increase of small rental properties sales in the wake of new tenant protections.⁹ You can read more about that study [here](#).

⁸ Reosti, Anna, et al. ““Mom-and-Pop” Landlords and Regulatory Backlash: A Seattle Case Study.” *SocArXiv Papers*, 17 Nov. 2023, p.3, <https://doi.org/10.31235/osf.io/x7pq8>.

⁹ Id. at p. 36.