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LA’s COVID-19 Response Should Prioritize Long-Term Rent-Stabilized Tenants for Housing Assistance

Shane Phillips • May 2020

The COVID-19 pandemic has thrown hundreds of thousands of Angeleno households into financial turmoil, with low-income renters among the most vulnerable.

The faltering economy means that state and local governments are facing massive revenue shortfalls and must make difficult choices about who to prioritize for assistance. In this brief I argue that Los Angeles should prioritize support for long-term residents of rent-stabilized housing, for three reasons:

1. Long-term rent-stabilized tenants are among the poorest households in the city, putting them at greater risk of losing their homes due to economic disruption.
2. Because many are poor and at risk, households who are displaced may place a substantial burden on social services at a time when we can least afford these costs.
3. Monthly rents for long-term tenants are low, on average, so it’s relatively inexpensive to provide assistance and preserve these rent-stabilized units at below-market rents.

The city of Los Angeles has about 600,000 rent-stabilized units — units where once a tenant moves in their rent can rise by only about 3% each year (Phillips, 2019). Santa Monica and Beverly Hills have similar programs, as do about a dozen other cities in California. California rent control programs are subject to “vacancy decontrol,” meaning that landlords can raise rents to market rates when new tenants move in. Because market rents increased by an average of more than 3% annually over the past decade (Fleming, 2019), tenants who have lived in the same unit for many years are often paying considerably below market rents.

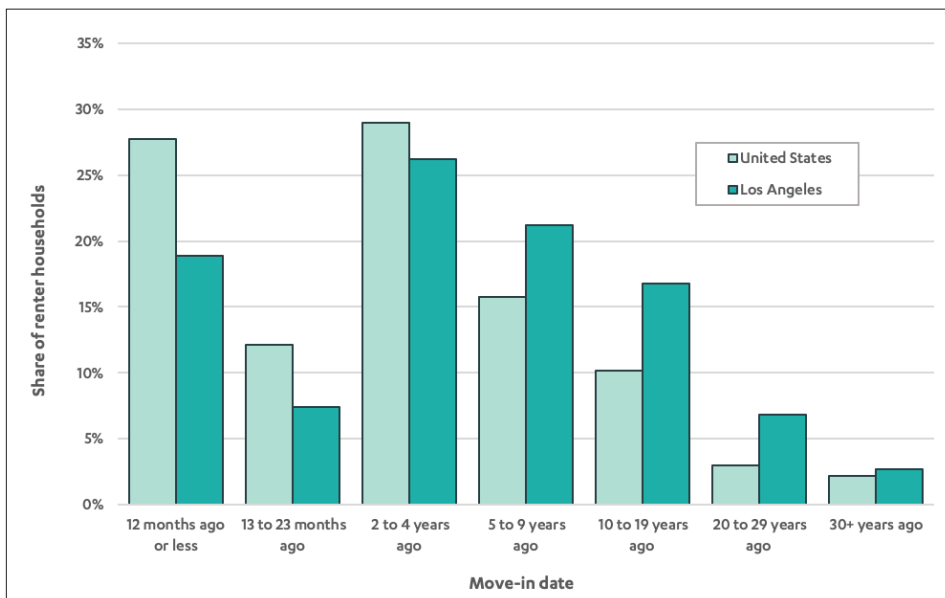


Figure 1.
Length of tenure for renter households in the U.S. and in the city of Los Angeles, 2018.

Source: 2018 American Community Survey 1-year IPUMS data

Nationwide, living in the same rental unit for many years is relatively rare: nearly 70% of renters have lived in their current home fewer than 5 years, and just 15% moved in 10 years ago or more. Long tenancies are much more common in the city of LA, however. Here, only 53% of renter households have been in the same unit fewer than 5 years and roughly 26% moved in at least 10 years ago (Figure 1). There are likely many reasons for this difference, but rent stabilization is one important factor. In Long Beach, for example, where there is no rent stabilization, only 19% of renter households have lived in the same unit for 10 years or more.

Long-term tenants of rent-stabilized housing have some of the lowest incomes in Los Angeles, and as a result, are particularly vulnerable to the current crisis. Across the entire city of LA, the median household income is \$74,000. For renter households, this falls to \$54,000. Among rent-stabilized tenants, we see further divergence based on move-in date: those who moved in less than 5 years ago have median household incomes of approximately \$50,000 to \$53,000. Households living in the same RSO unit between 5 and 20 years earn only \$35,000–\$42,000, and those in the same home 30 years or more make just \$27,000 on average (Figure 2).

About 240,000 rent-stabilized households in LA have lived in the same unit for 5 years or more. Of those, 16,000 moved in at least 30 years ago (2018 American Community Survey 1-year IPUMS data). Given their low incomes, if these households are displaced, they are at high risk of becoming homeless. The costs to these people, if that happens, are devastating. But the costs to the public are also high. People who become homeless will require public support, whether in the form of supportive housing (cost: \$400,000 per unit or more), housing vouchers (approximately \$1,000 per month indefinitely), or other programs that assist with housing, food, physical and mental health, and other needs.

In addition to economic risk, displaced long-term tenants face greater health risk than other households: the median age of all tenants of rent-stabilized housing in the city is 43, but for those living in the same unit 30 or more years the median age is 68. Nearly 20% are 80 or older (2018 American Community Survey 1-year IPUMS data), the age group at greatest risk of death from coronavirus infection (Scott, 2019). Allowing this group to be evicted, then, carries high costs in terms of human well-being, public health, and public finance. This is a high price to pay for those who might be perfectly stable and secure if they can only weather the storm of the coronavirus pandemic.



Figure 2. Median household income and median rent by move-in date, rent-stabilized housing (multifamily built before 1980) in the city of Los Angeles, 2018.

Source: 2018 American Community Survey 1-year IPUMS data

