MOTION

"Empty Homes Penalty"

Los Angeles is facing two severe and related crises - homelessness and a dire shortage of affordable housing. Urgent and comprehensive action is required to address and resolve these unprecedented challenges.

The region has a shortage of more than 500,000 units of affordable housing for low-income renters. The median rent is unaffordable to anyone making less than $47 per hour. 721,000 renter households pay 50% or more of their monthly income on housing. The ridiculously high cost of housing is exacerbating our already severe homelessness problem. Thousands of people are falling out of the housing market and landing in a growing number of encampments on our streets.

At the same time, a significant amount of Los Angeles' housing stock remains vacant. The 2017 American Community Survey of the U.S. Census showed there were 111,810 vacant housing units in Los Angeles city.

Facing similar crises, other cities — such as Vancouver, Paris, Washington DC, and Oakland — have levied some form of an "Empty Homes Penalty," or vacancy tax, on speculators and property owners who keep habitable housing units vacant.

The stated objective of empty homes penalties has been to: 1) return empty or under-utilized properties to use as long-term rental homes; 2) help relieve pressure on the region's rental housing market; and 3) create a revenue stream for affordable or homeless housing and services.

In Vancouver, which recently established an "empty homes penalty," the number of vacant properties has fallen by 15 percent in one year and the city says just over half of those previously empty homes have been returned to the rental market. In Oakland, with a population one-tenth the size of Los Angeles, where voters approved an empty homes penalty in November 2018, the city is expected to raise an estimated $10 million annually for 20 years to fund homeless services, preserve and create new affordable housing, and address illegal dumping and blight. The measure includes several exemptions, including for principal residences, or financial or other hardship.

Given the tremendous severity of the crisis facing the city and the region, Los Angeles should take similarly aggressive steps to encourage, push, or require existing vacant and habitable housing units to be put on the rental market. An "Empty Homes Penalty" is one important initiative out of many strategies for making more homes accessible for more Angelenos, and we should pursue it without delay. Establishment of an "Empty Homes Penalty" in Los Angeles would likely require voter approval, in
accordance with Proposition 218.

I THEREFORE MOVE that the City Council instruct the Housing and Community Investment Department, with the assistance of the Department of City Planning, and the Department of Building and Safety, to report on the amount of vacant, habitable housing units in Los Angeles.

I FURTHER MOVE that the Chief Legislative Analyst, with the assistance of the City Administrative Officer, examine “Empty Homes” penalties, vacancy taxes, and speculator taxes in other jurisdictions, and report with policy options for a potential “Empty Homes Penalty” structure in Los Angeles, for consideration by voters in 2020.

PRESENTED BY:

MIKE BONIN
Councilmember, 11th District

MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

DAVID RYU
Councilmember, 4th District

PAUL KORETZ
Councilmember, 5th District

SECONDED BY: