

BURBANK REDEVELOPMENT AGENCY
FEBRUARY 26, 2002

A regular meeting of the Burbank Redevelopment Agency was held in the City of Burbank Council Chamber, 275 East Olive, on the above date. The meeting was called to order at 6:39 p.m. by Mr. Laurell, Vice-Chairman.

ROLL CALL

Present- - - - - Members Golonski, Murphy, Ramos and Laurell.
Absent - - - - - Members None.
Also Present - - Mr. Ovrom, Executive Director; Ms. Alvord, Assistant City Manager; Mr. Barlow, City Attorney; Mrs. Georgino, Assistant Executive Director; and, Mrs. Campos, Secretary.

Invocation The invocation was given by Pastor Ross Purdy, First Presbyterian Church.

Flag Salute The pledge of allegiance to the flag was led by Ms. Jennifer Wyatt, Information Technology Director.

7:59 P.M. Meeting Continued Following a City Council public hearing and the combined oral communications, the Council and Redevelopment Agency held a joint meeting.

RA 41 Jt. Mtg. w/City Council Rent Control Rpt. Mr. Solomon, Housing Development Manager, stated that in recent years Burbank has witnessed an escalation in rents and has observed Glendale weigh the merits of rent control regulations and it was in this atmosphere that staff was directed to return with a study on rent control, and staff first returned in December 2001 with the 2001 Housing Profile which not only updated the City's housing needs assessment but also analyzed housing trends in both the ownership and rental housing markets.

Karen Warner of Cotton, Bridges and Associates summarized the Rent Control Study with a brief overview which included defining rent control as a device which involves public intervention in the public housing market by limiting and regulating the price charged by landlords for rental units, and tracing its history since it first emerged during WWII through the passage of the Costa-Hawkins Rental Housing Act (AB 1164) in 1995 which phased out rent control without the option of decontrol upon vacancy. She outlined the characteristics of rent control including: that it regulates rent increases, exempts some housing types, mandates vacancy decontrol/recontrol, may require just cause for eviction, may ban condominium conversion, may necessitate arbitration boards and added that the Act does not apply to new construction.

Ms. Warner discussed the three general categories of rent control, stating rent control protects affordable housing in escalating markets, protects tenants from displacement, reduces tenant overcrowding and overpayment as tenants are better able to afford rents, acts as an alternative to construction of new affordable housing and lowers public cost of affordable housing. She discussed the arguments in opposition to rent control which include: that rent control inhibits new construction of rental housing, can lead to deterioration of the rental stock due to the tight rental market, decreases tenant mobility and can create housing shortages and fails to effectively target low-income renters, reduces property tax revenues and may result in substantial administrative costs. Ms. Warner added that the City of Glendale concluded rent control was too expensive in terms of administrative costs and that it created an overly-restrictive environment that was ineffective, and subsequently adopted an approach to rent mediation rather than control whereby a local Glendale Apartment Owners Association will implement the 12/12 Rent Disclosure Program. She stated the 12/12 Rent Disclosure Program is essentially a voluntary program where property owners are encouraged to participate by voluntarily freezing rents for a period of one year after which there is an annual disclosure on the amount of rent increase, which is encouraged to be 10 percent or less, and also provides for a rent mediation board to arbitrate disputes between landlords and tenants.

Duane Solomon summarized the findings in the 2001 Housing Profile which indicated approximately 6,340 Burbank rental households are very-low income, and based on a recent market survey all Burbank very-low income households pay more than 30 percent of their income towards rent, that the Agency is assisting 1,915 of these households through Section 8 vouchers and negotiated developer agreements leaving a shortfall of 4,445 households needing rental housing assistance. He added that at the same time, the Study found that while 5,169 are low-income families, current levels are such that affordable rental units, albeit smaller bedroom sizes, are greater than the number of lower-income households in the community, thus providing an approximate surplus of 7,900 units above the number of lower-income household renters in Burbank.

He stated that since the early 1990's the Southern California

housing market has come out of a downturn in housing development characterized by new housing construction and low vacancy rates in the face of an increase in population growth, and that implementing regulations such as rent control may have the unanticipated effect of constraining or acting as a disincentive to the maintenance of housing in the community. He reiterated that the Burbank housing market has an adequate supply of housing to lower-income households but lacks sufficient affordable housing stock for very low-income households, and stated rent control seems ineffective in specifically targeting low-income renter groups, and that it has been the practice of the City and Agency to target assistance to very low-income households which represent those in need of affordable housing.

He stated that in light of current housing trend where rents in Burbank have increased approximately 30% between 1998 and 2001, the need to further increase the supply of affordable housing for very low-income households is of concern to us; however, there appears to be no evidence to suggest that very low income households appreciably benefit from rent control after a rent control regulation has been imposed. He concluded that while the gap in housing remains substantial, staff believes the preferred approach is to continue increasing the supply of affordable housing targeted to the very low-income population.

Mr. Golonski disclosed that he owns rental property within the City, but after discussing the matter with Mr. Barlow, it was determined that due to the broad nature of the discussion on rent control regulations and due to the fact that it would affect all owners of rental housing throughout the City, no conflict of interest existed.

After Council discussion, staff was directed to return with new housing programs to increase the supply of affordable housing for very low-income renters and to look into forming a Blue Ribbon Committee or Task Force on affordable housing and consider the feasibility of restricting rent based on percentage of unit price, just cause evictions, and broadening the scope of the Landlord Tenant Commission.

8:35 P.M.
Recess

The Agency recessed at this time to permit the Parking Authority and the City Council to continue their meetings. The Agency reconvened at 10:20 p.m. for public comment with all members present.

2/26/02

10:39 P.M.
Adjournment

There being no further business to come before the Agency, the meeting was adjourned at 10:39 p.m.

Secretary

APPROVED APRIL 30, 2002

Chairperson