

To the Members of the City Council:

For most of us, the homes that we live in are the most valuable asset that we own. As single family homeowners, you probably spend thousands of dollars each year on maintenance, improvements, insurance, utilities and other costs in order to protect your investment and live in the comfort you have grown accustomed to and worked so hard for. The same holds true for my wife and me, and the 4-unit apartment building we own and live in that is now subject to the City's Rent Stabilization Ordinance.

As with all large investments, not only has each of us worked very hard to afford our properties, we have also taken huge risks with the hope that someday we will see a return on our investment. However, through the imposition of the City's Rent Stabilization Ordinance, the value of my investment, and the properties owned by other rental housing providers in our City, is being severely diminished.

Think about it – less revenue equals lower value. Imagine if the same restrictions were placed on the sale of single family homes. In other words, when you sell your home, you would be limited to no more than 3% appreciation per year. That sounds crazy, but then again, surely you agree we have to make our City's single family homes affordable for the affluent professionals that want to live in the City of Beverly Hills.

So, in simple mathematical terms, if you purchased your home for \$2.0 million just 10 years ago, you would be entitled to sell it for no more than \$2.6 million (that's 3% appreciation compounded for 10 years). Although at that rate of return, you probably could never recover all of the maintenance and improvement costs you paid for all of these years, but think about how great it feels to help out the next family that needs a house. As you know, since the 2008 recession, housing prices have increased substantially more than 3% per year! In fact, since housing bottomed out in the Great Recession of 2008, according to Zillow, median single family home prices in Beverly Hills have increased about 7.2% per year.

But, let's take a look at each of your homes and how your personal finances would be impacted by the price controls contained in the Rent Stabilization Ordinance:

Dollar Amounts Are in Millions of Dollars

Address	Year Acquired	Purchase Price	Appreciation at 3% Per Year	Zillow Value	Actual Annual Appreciation	Difference – 3% vs. Zillow
1000 Block N. Crescent Dr.	2007	\$14.80	\$19.91	\$24.15	5.0%	(\$4.24)
400 Block S. Clark Dr.	2007	\$1.42	\$1.92	\$2.03	3.6%	(\$0.11)
500 Block N. Palm Dr.	1984	\$0.97	\$2.57	\$5.55	5.4%	(\$2.97)
400 Block S. Camden Dr.	1998	\$0.88	\$1.55	\$2.65	5.9%	(\$1.10)
700 Block N. Sierra Dr.	1994	\$1.84	\$3.64	\$9.50	7.3%	(\$5.86)

If the goal of the Rent Stabilization Ordinance is truly to provide more affordable housing to those in need, there are other ways to accomplish that goal. For example, zoning laws could require or provide square footage bonuses for rental complexes to include a mixture of regular and small-sized rental apartments (studios? efficiency units?), so that the small-sized apartments would rent for less. Or those

with lower incomes could just receive housing vouchers from the City. These solutions would be far less expensive than the annual cost of implementing the Rent Stabilization Ordinance.

If the goal of the Rent Stabilization Ordinance is to provide a better means to address code violations or poor living conditions, then strengthen the complaint based system by putting details of complaints into a public system that can be easily viewed online and can identify buildings with recurring issues to be addressed by the City.

If the goal of the Rent Stabilization Ordinance is to truly protect our City's renters, then do not move forward with the rental registry. Community members on both sides have expressed concern with the intrusive nature of the rental registry, including disclosure of rents, terms of tenancy, and age and disability status of the City's tenants. The City can obtain the information it is seeking through other means, including its own gross receipts tax records and the County's property tax records.

If the goal of the Rent Stabilization Ordinance is to protect tenants from being evicted just so rental housing providers can raise rents, then require 60-day eviction notices be filed with the City, track frequency of evictions, and intercede when rental housing providers have abused the eviction process. If the goal of the Rent Stabilization Ordinance is to protect those who are truly in need, then provide relocation benefits to the City's seniors and disabled that are truly in need with a means test income threshold. Permit relocation fees to vest over 5 years, so that nuisance tenants can be removed by landlords without incurring excessive legal or eviction costs (most nuisance tenants become evident within the first several years of their tenancy).

If the goal of the Rent Stabilization Ordinance is to protect the City's tenants from being gouged with excessive annual rent increases, then establish a 7% (a 30% reduction from the original 10% per year) allowable increase each year along with a new habitability standard requiring reasonable maintenance to ensure proper upkeep of the City's aging stock of rental housing. Institute a mediation board so that disputes can be brought to a resolution and so that repeated 7% increases can be tracked and addressed by the City.

And, finally, exempt owner occupied buildings that are 4 or less units. It is my home. Leave me alone!

The City has not yet funded the Rent Stabilization Ordinance, and it is not too late to turn back from the pending \$2 million annual cost of implementation. I urge the members of the City Council to postpone the funding of this poorly thought out set of regulations, and work on sensible solutions to address the concerns of all parties. The City can achieve results based on data and mechanisms already in place without copying 30 year old rent control laws from neighboring cities that cost those cities millions of dollars each year. Every dollar spent by the City on the Rent Stabilization Ordinance is a dollar less in funding for our first responders and our schools. Vote NO on funding the new and completely unnecessary rent control program.

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