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May 2, 2019
Via Electronic Mail

Hon. Mayor D'Amico and Members of City Council
West Hollywood City Hall
8300 Santa Monica Boulevard
West Hollywood, California 90069

Re: Relocation Fees (Agenda Item 2U)

Dear Hon. Mayor D'Amico and Members of the West Hollywood City Council:

The purpose of this letter is to express the Apartment Association of Greater Los Angeles' (AAGLA) strong concerns with the Council's consideration of relocation assistance to renters residing in units that are exempt from the Rent Stabilization Ordinance when a notice of rent increase of ten percent (10%) or more is issued in any 12-month period and results in the renter's decision to relocate. This proposal would broadly apply to all exempt units, inclusive of single-family homes and condominiums, and would be provided to all renters regardless of income or net worth. The scope and applicability of this proposal goes far beyond the goal of homelessness prevention and assisting displaced renters who do not have the financial means to afford a substantial rent increase or the cost of relocation. The proposal serves to financially enrich renters who are not in need at the detriment of rental housing providers.

AAGLA represents thousands of small, "mom and pop" rental housing providers. Many of our members are retired seniors that worked regular "9-5" jobs for decades, scrimping and saving to afford their small investment in rental property that secures and supplements their retirement and at the same time provides housing to your constituents. Small rental property providers do not have unlimited financial resources and cannot feasibly pay a lump sum payment to a renter who, in many cases, is better financially situated and that has greater liquidity than the property owner. It is also important to note that significant rent increases are often advanced by new owners seeking to quickly recoup their investment, not long-term owners.

On average, according to the real estate database Co-Star, the City's renters that reside in non-rent stabilized units can afford to pay, on average, \$2451 per month for a single, \$2,810 per month for a one-bedroom, \$3,786 per month for a two-bedroom and \$5,679 per month for a three-bedroom apartment unit. These renters surely have the means to afford to



live in these buildings, many of which provide numerous amenities that older buildings do not provide (e.g., pool, dog parks, fitness areas, etc.). Accordingly, there is absolutely no basis for rewarding these wealthy renters with relocation benefits at great cost to property owners.

AAGLA urges council members to establish a narrowly tailored relocation assistance proposal, targeted to assist low income renters in financial need. Relocation fees should be based on actual financial need (e.g., income, liquidity and assets test) and only for renters in good standing under their lease. The threshold for assessing need should include household income of either 200% Federal Poverty Level or 80% Average Median Income (AMI). The amount of relocation assistance should be based on actual rent paid or U.S Department of Housing and Urban Development (HUD) Fair Market Rent. In addition, its applicability should be further limited to new rental property owners, during the first year following a change in ownership. Small rental housing providers with ten or fewer units should be excluded as they do not have the same resources as large corporate owners who own hundreds or thousands of units.

Thank you for your consideration of these important factors. Small rental housing providers fulfil an important role in the multifamily housing industry. Placing this financial burden on “mom and pop” owners will force many to leave the industry and further deplete already limited affordable housing available in the Los Angeles area.

If you have any questions, please call me at (213) 384-4131; Ext. 309 or contact me via electronic mail at danielle@aagla.org.

Very truly yours,

Danielle Leidner-Peretz