



"Great Apartments Start Here!"

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Via Electronic Mail

Hon. Mayor Meghan Sahli-Wells and Members of the Culver City Council
City Hall
9770 Culver Boulevard
Culver City, California 90232

Re: A-1- Rent Freeze Discussion

Dear Hon. Mayor Sahli-Wells and Members of the Culver City Council;

The purpose of this letter is to express the Apartment Association of Greater Los Angeles' (AAGLA) strong opposition to the Council's consideration and potential adoption of a rent freeze. While the City's staff report provides some historical background on the issue and information related to other jurisdictions where rent freezes have been implemented, the report does not present any data reflective of pervasive "rent gouging" in Culver City prompting the urgency for a rent freeze. Alternatively, we appreciate the Council's consideration and discussion focusing on housing production, which is also included in Council's upcoming June 24th meeting agenda. We strongly support the advancement of strategies that foster rather than hinder the availability of affordable housing and encourage further housing production.

AAGLA represents thousands of small rental housing providers, many of whom are "mom and pop" rental property owners within Culver City. 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 affordable housing to the members of their community. Many of our members are multi-generational immigrants, retired teachers and retired first responders that chose to make a small community investment as their way to house themselves and others. Our members are housing providers, seeking to fill vacancies and provide individuals with homes, eviction runs counter to that objective.

Affordable housing and homelessness prevention are both vital societal objectives necessitating thoughtful deliberation and assessment to determine what targeted solutions will be most effective in meeting the identified goals. A rent freeze is not the solution and will only serve to exacerbate the housing supply situation over the long-term and penalize the very group that actually provides housing to the Culver City community.

A rent freeze will cause:

- Small rental housing providers, known for providing most of the City's affordable housing and going years without raising rents, to issue annual increases up to the permissible limit, to ensure that they can cover expected and unanticipated operating expenses.
- Make it more difficult for small rental housing providers to maintain safe and clean buildings for their renters, resulting in many being forced to leave the industry further depleting the limited affordable housing supply negatively impacting everyone; and
- Cause an overall decrease in investment in existing buildings, discourage development, and reduce the number of available rental units.

Moreover, there has been no data to suggest that wide-spread rent increases are occurring within Culver City. On the contrary, Co-star, a nationally recognized real estate database, data reflects that the 10-year average rental increase has been only 2.7% for 1-bedroom units and 2% for 2-bedroom units in Culver City, inclusive of the newly constructed units surrounding the Exposition Line. Financial flexibility plays a significant role in providing rental housing providers the ability to determine when a rent increase is needed which results in fewer rent increases versus price controls that encourage regular rent increases to avoid a potential future financial issue.

Ultimately, rent control measures provide a benefit to a small number of individuals who are encouraged to remain in their lower-cost apartments even when their financial earnings significantly increase, at the expense of lower-income residents in need of affordable housing who must now move elsewhere. Absent such measures they would have moved to more expensive housing or purchased a home of their own, making those lower-cost units available to individuals in actual financial need.

Additionally, other anti-displacement strategies such as imposition of relocation fees and "just cause" eviction requirements, often contemplated by jurisdictions considering a rent freeze always have unintended negative consequences. "Just Cause" eviction requirements create additional hurdles for small rental housing providers in evicting a problematic renter who is creating a nuisance or engaging in illegal activity in the building affecting other renter's quiet enjoyment. In these circumstances, rental housing providers are placed in the predicament of costly and lengthy litigation or lump sum relocation fees to a renter who is disrupting the other renters residing in the building. Small rental housing providers often have limited financial resources for litigation or lump sum payments of relocation benefits to renters that may be better financially situated.

As the Council considers the adoption of a rent freeze and related rent control measures, we urge the Council to take into account the issues raised herein and refrain from instituting a rent freeze. Resolving the issues associated with the housing shortage are best served through a review of the City's housing policies, the streamlining of building codes, density bonuses to incentivize affordable housing development, voucher programs with supportive services to subsidize rents for



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those in financial need and mediation for renters who believe that they have been subjected to unwarranted rent increases (as recently advanced by the Council). The key to addressing the housing shortage and augmenting the housing supply is through the promotion of housing development not rent freezes and rent control. There are better solutions available that can directly benefit Culver City's residents that need assistance and continue to make Culver City a desirable community to call home.

Thank you for your time and consideration of these matters. 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