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May 21, 2019
Via Electronic Mail

Hon. Mayor Garcia, and
Members of the Long Beach City Council
Council Chambers
333 West Ocean Boulevard
Long Beach, California 90802

Re: Relocation Fees (Agenda Item 17)

Dear Mayor Garcia and Members of the Long Beach City Council:

The purpose of this letter is to express the Apartment Association of Greater Los Angeles' (AAGLA) opposition to the proposed relocation assistance ordinance as currently being advanced by the City Council.

Under the proposed ordinance, relocation fees are triggered by any one of the following circumstances: (i) issuance of a rental increase of ten percent (10%) or more in any 12-month period resulting in the renter's decision to find alternate housing, (ii) issuance of a notice to terminate tenancy due to owner's desire to rehabilitate the unit, or (iii) issuance of a notice of non-renewal/notice to vacate to a renter in good standing. The scope and applicability of this proposal goes far beyond the goals of homelessness prevention and assisting displaced renters who do not have the means to afford a substantial rent increase or the cost of relocating. This proposal serves to financially enrich renters who are not in need at the detriment of small rental housing providers.

AAGLA represents thousands of rental housing providers, many of whom are smaller, "mom and pop" owners. Many of our members are retired seniors that for years worked regular 9 to 5 jobs, scrimping and saving to afford their small investment in rental property that secures and supplements their retirement income and at the same time provides 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.

Hon. Mayor Garcia, and
Members of the Long Beach City Council
May 21, 2019
Page 2

While we appreciate the inclusion of exemptions for buildings where the property owner's primary residence is in the same building as renters and/or where the owner owns only one residential building comprised of four or fewer units. These exemptions do not adequately address the concerns of small rental housing providers.

While the proposal defines a "tenant in good standing" as a "tenant who has lived in the unit for a period of more than one year, is current on the payment of rent and is not otherwise in violation of the lease as of the date tenant receives notice...", the payment of relocation fees is limited to renters in good standing under only one of the three triggering events, where a notice of non-renewal or notice to vacate is issued. This creates a loophole that would enable a problematic renter who is disturbing the quiet enjoyment of other renters to extort relocation assistance from rental housing providers based on a 10% or greater rent increase.

At the April 2nd City Council meeting, Council staff indicated that the purpose of the discussion was not to propose rent control, rent "caps" or "just cause" eviction, rather to provide relocation assistance for displaced individuals. However, any relocation assistance should solely be based on need, and renters should be required to be means tested. Is it Council's desire to pay relocation assistance to those living in Long Beach's luxury apartments along Ocean Boulevard? Small rental housing providers do not have unlimited resources and cannot feasibly pay a lump sum payment of two months rents, up to \$4,500. Relocation fees should be based on actual financial need and only for renters in good standing. The threshold for assessing need should be household income of either 200% Federal Poverty Level or 80% Average Median Income. 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, and not an average that potentially factors in luxury apartment buildings that offer expensive amenities. In addition, applicability should be further limited to new rental property owners, during the first year following a change in ownership as new owners are more likely to seek higher rent increases due to the higher cost of investment.



Hon. Mayor Garcia, and
Members of the Long Beach City Council
May 21, 2019
Page 3

Finally, rental property providers with ten or fewer units rather than four or fewer units should be exempted as they do not have the same resources as large corporate owners who own hundreds or even 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 the small, “mom and pop” owners will force many to leave the industry and further deplete already limited affordable housing.

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