



"Great Apartments Start Here!"

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September 6, 2019
Via Electronic Mail

Los Angeles County Board of Supervisors
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

RE: Permanent Ordinance to Limit Rent Increases and Provide Tenant Protections
(Agenda Item S-1, 1-D, 10)

Dear Board of Supervisors:

The purpose of this letter is to express the Apartment Association of Greater Los Angeles' (AAGLA) strong opposition to Los Angeles County's proposed imposition of a permanent rent control ordinance inclusive of "just cause" eviction requirements, broad-based relocation assistance, a rental registry and related regulatory measures. Rent regulation has repeatedly been proven by economists to be a failed housing policy and one that does not serve to address the intended goal of increasing or even maintaining affordable housing. If the County wishes to address affordability, it should promote housing development, and not draconian 1970's regulations. Rent control will not alleviate the financial circumstances of the County's rent burdened renters, nor does expansive rent regulation bring about affordable housing. We urge the Board to seek innovative solutions to the current housing situation and advance strategies that foster rather than hinder the availability of affordable housing and encourage rapid housing production.

Rent control will not accomplish the County's affordable housing and homelessness prevention goals, but it will cause:

- Small, "mom and pop" rental housing providers, known for providing most of the County's affordable housing who minimally increase or often forgo rent increases for many years, will begin to consistently increase rents up to the permissible limit to ensure that they can cover expected and unanticipated operating expenses. Financial flexibility plays a significant role in rent increase decisions, which results in far fewer rent increases. But, when price controls are imposed, housing providers see no alternative but to consistently



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increase rents to the maximum amount allowed to avoid a potential future, unanticipated financial consequence.

- Make it more difficult for smaller rental housing providers to maintain safe and clean buildings for their renters, resulting in many owners being forced to defer maintenance and capital improvements, and
- In a worse-case scenario, rent regulations leave housing providers with no other choice, but to exit the rental housing industry and, therefore, further depleting the limited affordable housing supply and negatively impacting everyone.

Rent control measures will only benefit a small number of residents who have no other incentive other than to hold onto their lower-cost, rent controlled apartment units even after their earnings significantly increase or have no desire to relocate for better employment in the face of relinquishing their rent controlled unit. Rent control creates housing shortages at the expense of lower-income residents in need of affordable housing who must now look to other communities for housing. Absent rent control, the County’s wealthier renters would be incentivized to leave their price-controlled housing and possibly purchase a home, which then opens the supply of affordable rental units.

Additionally, other anti-displacement strategies such as the proposed imposition of relocation fees and “just cause” eviction requirements, have unintended negative consequences. “Just Cause” eviction requirements create additional, costly hurdles for rental housing providers when evicting a problematic renter who is creating a nuisance or engaging in illegal activity in the building that effects other renter’s quiet and peaceful enjoyment of their homes.

Small rental housing providers often have limited financial resources to engage in litigation or make large, lump sum relocation payments to renters that may be better financially situated. Relocation benefits 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.

While we appreciate the motion’s recognition of the need to ensure that rental property owners are able to receive a fair and reasonable return and enable owners to recoup the cost of major capital repairs, we urge the Board to establish a simple petition process that facilitates and encourages owners to submit applications.

The logo for the Apartment Association of Greater Los Angeles (AAGLA) features the acronym "AAGLA" in a large, bold, blue sans-serif font. To the right of the text is a solid brown square. Above the text, the full name "APARTMENT ASSOCIATION OF GREATER LOS ANGELES" is written in a smaller, blue, all-caps sans-serif font.

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While the September 10th motion speaks to the interim rent freeze ordinance in effect for the last ten months and the protections it has afforded residents of the County’s unincorporated areas, no specific data has been provided validating such a conclusion and warranting imposition of a permanent measure. Further, while we appreciate the dialogue that has occurred between stakeholders and County staff, we urge the Board to continue to engage with stakeholders and consider more creative, alternative housing solutions that will help the County to meet its objectives of providing affordable housing to those residents in need. Additionally, the motion provides general direction to staff related to the drafting of the ordinance, due to the lack of detail, we urge the Board to provide stakeholders with adequate time to review and provide feedback on the draft permanent ordinance.

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