



"Great Apartments Start Here!"

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November 12, 2019
Via Electronic Mail

City of Los Angeles Housing Committee
City Hall
200 North Spring Street
Room 1010
Los Angeles, California 90012

Re: Ellis Act Properties – Providing the City of Los Angeles with First Right of Refusal to
Purchase Buildings (Agenda Item 1)

Dear Housing Committee Members:

The Apartment Association of Greater Los Angeles' (AAGLA) strongly opposes the proposed motion before your Committee directing the Los Angeles Housing + Community Investment Department (HCID+LA) and the City Attorney's office to draft an ordinance providing the City with a right of first refusal to purchase apartment buildings under Ellis Act proceedings.

The Ellis Act, enacted by the State Legislature in 1985, provides rental property owners with the ability to remove rental units and/or entire buildings from the rental market so that they are not forced to stay in business. The proposed motion seeks to provide to the City of Los Angeles a right of first refusal to purchase the building, which is a very valuable option that can be negotiated under an arms-length transaction.

While the motion indicates that "since 2001, landlords and developers have filed Ellis Act Declarations to evict tenants in over 25,000 units in the City of Los Angeles" it provides no further data relative to the number of such units that may have been replaced. Moreover, such a restriction would unfairly encumber small rental property owners by unnecessarily delaying the potential sale of the property or by discouraging potential buyers from making a purchase offer in the first place.

Providing the City with a right of first refusal likely violates the intent of the Ellis Act and the placing of such a restriction would likely be struck down by a Court based on its limited applicability to properties subject to the Ellis Act. Additionally, AAGLA believes that imposing a right of first refusal on owners of properties subject to Ellis Act proceedings would be deemed an unconstitutional taking without just compensation because the ability to grant a third party a right of first refusal is one of the bundle of rights that makes up property ownership.



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California is experiencing severe housing shortages and is in dire need of advancing initiatives that encourage, **not discourage**, housing production. **We urge the Housing Committee to consider ways to encourage innovative and immediate housing production.**

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