



"Great Apartments Start Here!"

Danielle Leidner-Peretz
Director, Government Affairs &
External Relations
danielle@aagla.org
213.384.4131; Ext. 309

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Via Electronic Mail

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

Re: *Report on the Implementation of the Interim Rent Control Ordinance,
Related Costs and Potential Fee Study (agenda item A-5)*

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

The Apartment Association of Greater Los Angeles (AAGLA) has repeatedly expressed opposition to the City's adoption of its interim rent control ordinance (IRCO) and the advancement of a permanent rent control ordinance. With the enactment of Assembly Bill 1482, the statewide rent control and renter protection law, has the City Council evaluated the ongoing need for the IRCO and the advancement of a permanent and extremely costly rent control regulation?

While the Staff report provides a brief overview of what has been accomplished during the months following the August 12th adoption of the IRCO and next steps in the process, it provides minimal data relative to the effects of the IRCO, whether positive or negative in nature. The report indicates that "based on complaints received to date, staff has successfully assisted three tenant households who have not received relocation assistance and three long-term, 62+ households, who are protected from eviction under the IRCO."

The primary focus of the report discusses expenditures to date and costs for moving forward with the continued implementation of the IRCO and the proposed permanent ordinance. As set forth in the Staff Report, a total of \$115,351 has been spent so far by the City to support the implementation of the IRCO, with an additional request of \$487,708 to cover expenses through June 2020 for a total of \$603,059.

In light of the City's declaration of the State of Fiscal Emergency in October 2019 and plan to increase taxes on its residents by extending the one-half percent sales tax (Measure Y) and adding a one-quarter cent tax to be voted on in connection with the November 2020 Ballot, while at the same time Assembly Bill 1482 is going into effect, it is incredibly fiscally imprudent for the City



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to move forward with the IRCO implementation and the permanent rent control ordinance.

While we recognize the value and importance of conducting policy and fee studies in advance to obtain a comprehensive understanding of a particular situation, would it not be more fiscally responsible for the City to adopt the State law and allocate monies to studying the benefits and shortcomings of the state law following a reasonable implementation period rather than allocating over half a million dollars to a program that if made permanent will cost the City millions of more dollars to administer? If the City were to survey the costs of administering rent control and tenant protection ordinances within neighboring cities, it would quickly discover that the cost of these regulations run in the millions of dollars each year.

A portion of funding requested is to be used to extend the agreement with BAE Urban Economics, the City’s consultant hired previously to conduct an analysis of the City’s multifamily housing stock, related rent growth and to survey other local jurisdictions’ implementation of interim rent freezes and displacement measures. The previous study’s findings illustrated that pervasive rent gouging was not occurring within the City. From the onset, AAGLA has indicated that no data has been provided demonstrating credible evidence of widespread rent gouging in Culver City, which was validated by the BAE report.

The findings from the consultant’s study further legitimized the testimony of Culver City’s smaller, “mom and pop” owners in that these rental property owners had not and were not drastically increasing rents and that they have limited financial resources to provide relocation assistance or undergo costly litigation when evicting problematic renters under the City’s just cause eviction rules. The Staff Report confirms that an inability to pay relocation assistance remains a top concern among rental property owners. Nevertheless, the Council dismissed the majority of the consultant’s findings and moved forward with a stringent interim ordinance. The Staff Report is requesting that Council approve \$79,380 for BAE to study and develop long-term rent control policies, a significant cost considering the Council’s limited recognition of the original study’s findings.

We strongly urge the City Council to pause and more thoughtfully consider the enormous fiscal impact of creating and administering its rent control policy, and to give careful consideration to suggestions made by the City’s Finance Advisory Committee in evaluating the costs of a permanent ordinance, including any indirect financial impacts associated with the permanent ordinance and the option to rely on the state rent control regulations set forth in Assembly Bill 1482. At this juncture, what is the urgency for the City’s continued advancement of the IRCO and permanent ordinance? **Would it not be more prudent for the City to first evaluate the impact of the state law rather than allocating more funds to the IRCO?** Would it not be far better if the City allocated funds in a targeted manner to assist renters in actual need of financial assistance (e.g., means testing) by providing rent subsidies and related supportive services?

The administration of a rent control ordinance costs cities millions of dollars every year, and one merely needs to look to cities like Santa Monica and Beverly Hills, each of which has multi-million administrative costs. **The requested budget amendment under consideration to cover staffing and other administrative matters will result in ongoing, permanent costs to the City.** At a time when the City is already under severe financial distress, how will these costs be managed



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in the future? Will the City simply advance additional fees and tax measures which will do little to alleviate the financial challenges faced by its resident renters, the same residents that the City seeks to assist?

Culver City should not follow the same path of failed housing policies that have been in place for nearly four decades in cities like Los Angeles, San Francisco, Berkeley and Santa Monica in the hopes of achieving a different result.

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