



"Great Apartments Start Here!"

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Via Electronic Mail

Members of the Los Angeles City Council
City Hall
200 North Spring Street
Los Angeles, California 90012

Re: Council Files 20-0407 (Agenda Item 37), 20-0409 (Agenda Item 38), and 20-0404 (Agenda Item 39)

Dear Members of the Los Angeles City Council:

On April 22, 2020, the City Council will be considering three motions related to the COVID-19 pandemic and prohibitions during the local emergency period. Throughout the pandemic, the Apartment Association of Greater Los Angeles (AAGLA) has continually urged the City Council to take a balanced approach in recognition of the detrimental impacts of COVID-19 on **both** the City's residents and rental housing providers, all of whom need support during these most difficult and uncertain times. AAGLA strongly opposes these measures and urges the City Council to focus on equitable solutions such as an emergency rental assistance program, agenda item 66, which is a direct and impactful means to assist renters and rental housing providers, and to reject measures that will cause further economic instability, the loss of already limited affordable housing and potential loan defaults and increased litigation.

- **Rent Increase Freeze - Agenda Item 37 (Council File 20-0407)**

On March 30, 2020 Mayor Garcetti issued an Executive Order instituting a rent freeze on occupied rental units subject to the City's Rent Stabilization Ordinance (RSO), which was made effective March 30th and is to continue for sixty (60) days following the conclusion of the local emergency period. The motion under consideration would expand the scope of the rent freeze retroactively to March 4th and through ninety (90) days following the end of the local emergency. Further, the motion seeks to make the rent freeze applicable to all the City's rental units, including non-RSO units.

Since April 1st, pursuant to the Mayor's Executive Order, no rent increases can be applied to occupied RSO units. Instituting the rent freeze retroactively to March 4th will place further financial and administrative burdens on rental housing providers by requiring that they issue refunds to

renters who received a legally permissible rent increase before March 30th, many of whom may now not be paying rent pursuant to the City's eviction moratorium. Regarding applicability to the City's non-RSO units, we do not believe that the City has the legal authority to institute such restrictions and is preempted from doing so by State law.

- **Classifying Unpaid Rent As Consumer Debt – Agenda Item 38 (Council File 20-0409)**

This motion proposes to re-classify unpaid rent as consumer debt, not subject to the unlawful detainer process. Through the temporary urgency ordinance, renters are provided with twelve (12) months following the expiration of the emergency period to repay unpaid rent due. As the pandemic continuously evolves, the duration of the emergency period is unknown and as a result the date upon which the repayment period will begin remains unclear.

During the emergency, rental housing providers, who are also experiencing financial hardships due to the pandemic, are being required to provide interest free loans to their customers for over a year. A requirement that has not been imposed on any other business. Re-classifying any deferred unpaid rent after a year as consumer debt would impede collection of such rent and raises other concerns. Unlike unsecured consumer debt, the payment of rent is based upon a mutually agreed upon lease agreement. There is also a court system specifically established to review and resolve disputes concerning unpaid rent. While the COVID-19 pandemic has necessitated government action, such action must not undermine the judicial system and the fundamental principles that are the linchpin of rental housing and the basis of lease agreements.

The proposal being advanced eliminates the most effective, legally permissible procedure to ensure repayment, compelling housing providers, who may not have received all or portions of past due deferred rent for more than a year to continue to provide housing to the renter who has failed to repay deferred rent, into civil litigation to obtain a judgment that they may never be able to collect. While the City's urgency ordinance specifically states the ordinance does not eliminate any obligation to pay lawfully charged rent, this proposal would serve to disincentivize any renter afforded these protections from fulfilling their rent repayment obligations while simultaneously precluding the rental housing provider from initiating an otherwise legitimate unlawful detainer proceeding. This proposal will result in housing providers incurring losses, which will likely be passed on to new renters in the form of higher rents. The equitable solution is for the City to assist renters who are unable to repay deferred rent through a City funded rental assistance program, not by converting unpaid rent into consumer debt which may never be collected.

- **Prohibition on Tenancy Terminations – Agenda Item 39 (Council File 20-0404)**

Both Governor Newsom and the Judicial Council have issued orders suspending unlawful detainer actions during the emergency period and for a designated time period following the conclusion of the emergency. The motion under consideration goes beyond the intent of the Governor's Order and the Judicial Council's actions by prohibiting a rental housing provider from even issuing a 3-day notice to a renter who, for example, is creating a nuisance or engaging in illegal activity affecting other renters at a property. The proposal takes away a rental housing provider's ability to address these issues as they arise and preserve future rights, by creating the



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potential of a finding that the housing provider has waived the right to seek a cure of the breach by failing to timely object. It is vital that rental housing providers be permitted to issue a notice of termination so that they can preserve their right to later commence an unlawful detainer action as warranted.

The COVID-19 pandemic has significantly affected, through no fault of their own, City residents and businesses alike. The proposals discussed herein and under consideration at the April 22nd City Council meeting will accomplish very little in effectively alleviating the financial and related hardships facing the City today and in the coming days or facilitate the economic rebound ahead.

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@aacla.org.

Very truly yours,

Danielle Leidner-Peretz

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