



"Great Apartments Start Here!"

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Via Electronic Mail

West Hollywood Rent Stabilization Commission
8300 Santa Monica Boulevard
West Hollywood, California 90069

Re: Proposed Amendments to the Rent Stabilization Ordinance and Rent Stabilization Regulations
(Agenda Item 10A)

Dear Commissioners:

At tonight's Rent Stabilization Commission meeting, the Commission will consider numerous City Staff proposed amendments to the City's Rent Stabilization Ordinance (RSO) and related regulations and potentially advance recommended amendments to the City Council for their consideration. The Apartment Association of Greater Los Angeles (AAGLA or Association) is strongly opposed to several of the amendments being proposed by City Staff and urges the Commission to reject their advancement.

- **Pet Rent / Security Deposit Ban**

Staff is proposing several amendments which would essentially prohibit property owners from precluding pets within their building and create inequity among renters as certain qualifying renters are permitted to have more than one pet and some would not be required to pay a pet security deposit. In addition, it would prohibit collection of an additional security deposit from some renters who acquire a pet after the tenancy has begun but allow it for others. These proposed changes would also potentially result in property owners bearing the cost of pet related damages to the unit, costs which would lead to higher housing costs for all renters, as well as added encouragement to owners to collect a full two-months' rent as security deposit for all new renters.

Pets can enrich our lives; they also have the potential to cause damage to the premises in which they reside. Property owners collect pet security deposits for the purpose of covering the cost of any damage caused to their rental units by the pet. Many of the proposed amendments disregard the basis and importance of these deposits. Not only do these proposed revisions interfere with the contractual agreements between rental housing providers and renters, they also will result in additional costs borne by the owner resulting from damage to the unit and related needed repairs. Moreover, a property owner's insurance policy would not provide coverage for a renter's pet, coverage which may only be provided through renters' insurance which City renters may not have.

With regard to the proposed prohibition on increases to the security deposit, for longer term tenancies,

the original security deposit amount likely will not be sufficient to cover the cost of repairs at the end of the tenancy. Having the ability to issue security deposit increases in alignment with allowable annual general adjustments helps to ensure an adequate security deposit throughout the duration of the tenancy.

Ultimately, in order to recoup the costs, set forth above, owners will be left with no other option but to increase rental rates upon vacancy, which only serves to increase overall housing costs within West Hollywood. Accordingly, we urge the Commission to reject the proposed staff amendments.

- **Registration of Non-Rent Stabilized Properties**

Rental registries infringe on the privacy rights of renters and rental housing providers alike by requiring the disclosure of personal and confidential information. Like anyone who is uncomfortable about disclosing their income or the cost of a recent purchase, renters often do not wish to have the details of how much they are paying for rent to be public knowledge.

Small business rental housing providers are operating a business and financial and other information concerning their rental units constitutes sensitive and confidential business records. Rental housing providers have a fundamental liberty and property interest in their rental property records, and a constitutional right to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures, as protected by the Fourth Amendment to the United States Constitution. The City’s “Rental Registry” and disclosure requirements without any pre-compliance review procedure, as is mandated by the Fourth Amendment is to subject property owners and housing providers to unreasonable searches and seizures in deprivation of their fundamental constitutional rights.

Founded upon these constitutional protections, the Association currently has litigation pending in Federal Court against the cities of Los Angeles and Beverly Hills and their rent registration programs. It is also important to recognize, that even in circumstances where a City chooses to limit public access to the registry, the information contained therein can be obtained by virtually any third party through a Freedom of Information Act request.

Furthermore, the City has no regulatory interest in collecting this information, as these new registration requirements are being imposed on units that are not subject to the City’s Rent Stabilization Ordinance. In the absence of a regulatory function, collection of fees from these newly registered, non-regulated, units to help offset the cost of the rent stabilization administration would constitute an illegal tax, which should not be imposed.

In addition to the clear privacy and constitutional rights implications, rental registries are also expensive. As indicated in the City’s Staff Report’s, dated October 4, 2021, fiscal impact, “in order to accommodate the additional data entry and customer service needs for this number of units, additional staffing may be needed, which could be an additional cost of \$100,000 to \$215,000 annually depending on the number of new positions created.”

For over 22 months, the City’s small business rental housing providers have continued to face severe financial hardships having collected little, if any rental income, and consequently depleting retirement and other savings or financing critical items with credit cards in order to maintain essential building operations, with many now contemplating or being forced into leaving the business entirely. The exit of these small business, “mom and pop” housing providers from the rental industry, providers of the bulk of the City’s

affordable housing units, is a tremendous loss to the City and a potentially devastating reduction in much needed affordable housing. Moreover, other localities such as Los Angeles County and the City of Inglewood, recognizing the severe financial hardships that rental housing providers have experienced and continue to experience due the pandemic have instituted waivers of their rent registration fees. Why is the City contemplating actions that would serve to impose additional costs upon rental housing providers?

In addition to the above amendments which were prompted by City Council direction, City staff are also proposing further revisions for the Commission’s consideration. While the Association appreciates staff’s proposed amendment clarifying the exceptions to the imposition of criminal prosecution or civil injunctions based on elimination of parking for reasons permissible pursuant to local and state law, there are several other amendments to the RSO and/or Rent Stabilization regulations that the Association opposes or seeks further clarification.

- **Master Metered Utility Services**

One of the proposed amendments would prohibit use of ratio utility billing systems (RUBS) where there is not a separate renter account with the utility provider. It is important to note that the underlying rationale for RUBS is that it encourages water conservation as renters are accountable for their individual water usage. Promoting water conservation is critical, particularly during the current severe drought situation. Moreover, overall charges to renters are proportionate to the service provider charges. Accordingly, we urge the Commission to reject this proposal.

- **Integration of Rent Concessions In Calculating Initial (Base) Rent**

City Staff are proposing incorporating rent concessions into the base rent calculation. While staff acknowledge that the proposed revisions may discourage rent concessions, they contend that “allowing for an automatic increase outside of the annual general adjustment, whether in the initial lease term, or a subsequent term, undermines the system of controls established by the RSO.”

Rent concessions are beneficial to rental housing providers and renters alike, by enabling housing providers to remain competitive and affording renters potentially significant initial discounts, thereby alleviating the overall upfront moving costs. These discounts are intended to provide a limited offer, not reflective of the general rental rate. The proposed amendment essentially penalizes rental housing providers who are already subject to severe rent increase limitations by further reducing the base rent upon which such future rent increases are calculated. The Association opposes the proposed amendment, it will only eliminate this mutually beneficial business practice, resulting in renters paying higher initial rents or seeking housing in neighboring cities where they can obtain such concessions.

Further, this provision conflicts with state law which provides that “Notwithstanding any other provision of law, an owner of residential real property may establish the initial rental rate for a dwelling or unit.”

- **Registration of Resident Manager**

The proposed amendments to the RSO and related regulations specifies that the rental housing provider register information regarding the onsite resident manager including their name, rental unit and contact information. The proposed language also states, “any such information that the Rent Stabilization



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Department deems necessary to verify compliance with the onsite manager requirement." This language is very broad and vague. Rental housing providers should have clear knowledge from the onset of what information is required to comply with the regulations, particularly since the housing provider will be subject to administrative penalties for failing to meet such requirements.

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

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