



“Great Apartments Start Here!”

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Via Electronic Mail

Hon. Mayor Jed Leano, and
Members of the Claremont City Council
35 Cajon Street
Redlands, California 92373

Re: Tenant Protection Ordinances – (1) Adoption of an Urgency Ordinance and First Reading and Introduction of an Ordinance Imposing a Temporary Moratorium on No Fault, Substantial Remodel Evictions for Certain Residential Tenancies in The City of Claremont; (2) Adoption of a Temporary Urgency Ordinance and First Reading and Introduction of a Permanent Ordinance Imposing Heightened Tenant Protections for No Fault, Substantial Remodel Evictions for Certain Residential Tenancies in the City of Claremont; and (3) Adoption of a Temporary Urgency Ordinance Imposing Heightened Rent Stabilization Requirements for Certain Residential Tenancies in the City Of Claremont (Funding Source: General Fund) (Agenda Item 10)

Dear Hon. Mayor Leano and Members of the Claremont City Council:

At tonight’s City Council meeting, the Council will consider establishing a six-month moratorium on all no-fault evictions for substantial remodels with certain exceptions. The City Council will also be revisiting possible adoption of two urgency ordinances as an alternative to the proposed moratorium that would establish new restrictions on no-fault evictions for substantial remodel, increase relocation fees for all no-fault evictions and impose a severe cap on rent increases to just 3% and the percentage change in the Consumer Price Index (CPI) or 6%, whichever is lower. The Apartment Association of Greater Los Angeles (Association) is strongly opposed to the proposed ordinances and urges the Council to reject their adoption.

There has been no data presented indicative of a widespread issue or related emergency justifying the need for these proposed ordinances and they will only serve to further exacerbate the deterioration of the City’s aging housing stock and diminish the City’s overall affordable housing supply.

On January 1, 2020, the State’s comprehensive rent control and renter protection law, Assembly Bill 1482 - “The Tenant Protection Act of 2019,” went into effect. This statewide rent control law provides significant protections to renters in the City of Claremont and throughout the State of



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California, including placing limitations on annual rent increases, institutes “Just Cause” eviction protections, and requires relocation fees for no-fault tenancy terminations. This State law was the result of extensive negotiations and input from key stakeholders, including both housing providers and renter groups. Shortly after it went into effect, in March 2020, numerous emergency measures and eviction prohibitions including the Los Angeles Countywide Eviction Moratorium which remains in effect through the end of 2022, were established and as a result, Assembly Bill 1482’s complete implementation and impacts has yet to be fully realized.

Accordingly, we strongly urge the City Council to reject the adoption of the proposed ordinances and allow for the State law’s full implementation for a sufficient period following the termination of the countywide moratorium in order to properly evaluate the overall impact and effectiveness of the State law within the City of Claremont, and only then determine what, if any, additional local regulation is needed.

As it relates to the issue of no-fault evictions based on substantial remodel, Assembly Bill 1482 provides unambiguous parameters including notice requirements, a clear definition of qualifying types of work considered as a substantial remodel, and the amount of relocation assistance that must be paid to the renter. Under this statewide law, if an owner fails to comply with the state provisions, the no-fault termination is rendered void and the owner may also be subject to punitive damages. In addition, the owner may be subject to litigation initiated by renters.

If the City Council continues to contemplate the proposed ordinances, we urge the Council to consider the concerns and recommended amendments set forth below.

- **Six-Month Moratorium on No-Fault Evictions Based on Substantial Remodel**

While nearly all other jurisdictions have or are in the process of terminating their emergency eviction moratoriums, we ask the Council why there is a need to adopt a new moratorium that will serve to extend the ban on no-fault evictions for substantial remodel for an additional six months following the end of Los Angeles County’s moratorium, which has barred Claremont rental housing providers from issuing any no-fault evictions to conduct substantial renovations for what will be two years? Such action means housing providers would continue to be prohibited from undertaking vital and necessary upgrades and renovations at their properties until **June 30, 2023**. Building upgrades and renovations are critical to rehabilitating Claremont’s aging housing stock and this extension would only impede them further.

We urge the City Council to reject adoption of the proposed moratorium.

- **New Restrictions on No-Fault Evictions Based on Substantial Remodel**

The proposed urgency ordinance goes well beyond the requirements of Assembly Bill 1482, modifying the state law’s definition of “substantial remodel”, imposing new administratively burdensome requirements and tripling the amount of relocation fees that owners would be required to pay for all no-fault tenancy terminations. However, if the City Council seeks to move forward with the adoption of this ordinance, we urge the Council to recognize the noted issues and proposed



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amendments and advance a targeted approach in alignment with other localities that have adopted such ordinances.

The proposed ordinance redefines substantial remodel by establishing a new requirement that “such work costs not less than the product of **eight (8) times** the amount of the monthly rent for the rental unit on which the work is being performed.” The rental rate for a particular rental unit bears no correlation to and should not be a factor in assessing whether a renovation project is substantial. As way of illustration, if a property owner is seeking to conduct a project with a cost of \$8,000 in a rental unit where the monthly rent is \$1,000 and the property owner is also considering the same project in another rental unit where the monthly rent \$2,000, based on the ordinance parameters, only one of the otherwise identical remodels will qualify as a substantial remodel. Accordingly, we urge the Council to remove this arbitrary and inequitable requirement.

The proposed ordinance would also significantly increase relocation assistance / rent waiver to **three months’** rent for **all** no-fault evictions regardless of a resident’s financial situation or term of tenancy, and not just for those residents who are being evicted for the purpose of undertaking a substantial remodel.

These proposals could not have come at a worse time for the City’s rental housing providers. It is important to recognize that housing providers have experienced significant losses of rental income for nearly three years, and likely will not have the financial ability to cover the proposed cost increases. Moreover, as the proposed increased relocation fees apply to all no-fault evictions, some housing providers who are struggling due to the pandemic and related regulations who may need to move into their investment property, will not have the funds to make such a large lump sum payment.

We urge the Council to reduce the proposed relocation fee to be based on two months of the renter’s rent at time that the notice of tenancy termination was issued and limit such relocation assistance to the matter at issue, no-fault evictions for substantial remodel, which aligns with recent actions taken in other jurisdictions such as the cities of Long Beach, Ventura and Redlands and addresses Council’s own objectives.

Lastly, we request that the City Council amend the ordinance to include language to address circumstances where the renter receives relocation assistance but fails to vacate the unit stating, “if a tenant fails to vacate after the expiration of the notice to terminate tenancy, the amount of relocation assistance or rent waiver period shall be recoverable as damages in an action to recover possession.” This language is taken from the City of Long Beach’s no-fault substantial remodel tenancy termination provisions.

Accordingly, we urge the City Council to take a targeted and balanced approach that focuses on the issues identified while recognizing the importance of improving and upgrading Claremont’s aging housing stock.

- **Rent Increase Limitations**

The Association is strongly opposed to any form of rent control. Rent Control does not



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equate to affordability, nor does rent control create more housing. In fact, it will only make housing more expensive and harder to find as the housing supply diminishes. Equally important, implementation and administration of a local rent control measure is extremely costly, and typically paid for by the rental housing providers who are being regulated.

Additionally, no emergency has been identified to warrant the adoption of rent control. Renters in the City of Claremont are already protected under the Statewide Rent Control Law which limits permissible annual rent increases. Rent control will decrease the quantity and quality of affordable rental housing in the City and will only discourage development of new rental units. Rent control measures provide a benefit to a small number of individuals that are in place at the time of passage who then have incentive to remain in their lower-cost apartments even after their financial earnings significantly increase, at the expense of lower-income residents in need of affordable housing who must now move elsewhere. Absent such measures they would have moved to more expensive housing or purchased a home of their own, making those lower-cost, affordable units available to individuals in actual financial need.

The proposed strict rent increase limitation would severely, adversely affect small business rental housing providers ability to meet the current, enormous increases in operational and building costs such as mortgages, property taxes, insurance, maintenance, and other building expenses. It is critical that small business rental housing providers have the means to maintain their buildings and to receive the constitutionally mandated reasonable return.

Consequently, we urge the City Council to reject this unnecessary and harmful limitation on rent increases, and in place of such price controls, explore short and long-term solutions including building more housing and establishing a City funded rent subsidy program to provide financial assistance to low-income renters in need.

In conclusion, we urge the City Council to review existing State law and the impact of last several years of COVID-19 emergency measures, identify real solutions driven by data, reject adoption of these ordinances, and focus on policies that provide rental assistance and encourage rehabilitation of the City’s housing stock and increased housing supply, each of which benefits all Claremont residents. We would welcome the opportunity to share our wealth of industry knowledge and participate in this important dialogue. Thank you for your time and consideration of these matters. If you have any questions, please call me at (213) 384-4131; Ext. 306 or contact me via electronic mail at max@aagla.org.

Yours sincerely,

Max Sherman

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