



"Great Apartments Start Here!"

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Via Electronic Mail

Honorable Mayor Lula Davis-Holmes
and the Members of the Carson City Council
City Hall
701 East Carson Street
Carson, California 9

Re: Renters Protection Initiative – Agenda Item 33

Honorable Mayor Davis-Holmes and Members of the Carson City Council:

The Apartment Association of Greater Los Angeles (AAGLA) represents rental housing providers throughout Los Angeles, Ventura and San Bernardino counties, including many in Carson. More than 80% of our members are mom-and-pop owners with 20 or fewer units. We have extensive experience with rental housing policies that exist at the state and local levels throughout Southern California.

The City Manager's report is nothing short of an outright attack on rental housing providers and it is completely unwarranted and unsupported by data. We are shocked and outraged by this unprovoked mistreatment of rental housing providers as an apparent "enemy" by city staff.

Where is the problem? The city staff has policy recommendations for everything including the kitchen sink. All these issues are already addressed by existing state laws that equally apply in Carson. Anti-harassment, discrimination and retaliation are covered by California Civil Code § 1940.2, California Civil Code § 1942.5, and Fair Housing laws. The Tenant Protections Act of 2019 instituted a statewide rent increase restriction, Just Cause eviction limitations, substantial remodels limited to major system repairs and/or removal of hazardous materials and specifically excluded merely cosmetic upgrades, and relocation fees. Also, recent state law limits the amount of allowable security deposits and the manner in which they are refunded. Further, Los Angeles County already provides a successful, free mediation program to renters and rental housing providers via the Department of Consumer and Business Affairs (DCBA).

Staff fail to provide any data as to what, if any, of these supposed issues are happening in Carson, by whom (corporations or small owners, newer buildings or older buildings, small properties or large properties), and to what extent. As to rent stabilization, CoStar (the leading national aggregator of rental data for commercial and residential properties) data shows that rent increases have been flat in Carson for the prior 2 years and only had slight increases for the past several years for multifamily properties built prior to February 1, 1995 (in



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alignment with state law under the Costa-Hawkins Rental Housing Act) especially for those with 20 or fewer units. So why would staff think that rent increase limits beyond what the state already provides is needed in Carson? Where is their data?

Carson has recently achieved great success with developers on the new Envision Carson and Carson Triangle projects. Why would the City now want to drive developers out of Carson with rent stabilization and an array of other mandates? In cities that have adopted rent stabilization permits have dropped between 75% to 90%. Developers/operators cannot afford to risk having their operations regulated with complicated new rules and changing their long-term calculations on projects.

Carson is also planning a wonderful new Civic Center. Yet, rent stabilization is known to significantly reduce multifamily property values and as a result, property tax revenues within the City would also be reduced. A study by two USC Marshall School of Business professors, namely Kenneth Ahern and Marco Giacoletti, released in 2023 entitled "The Redistribution of Housing Wealth Caused By Rent Control" clearly shows that property values decline for both mom-and-pop owners and large corporations when rent control is implemented. It also goes on to state that low-income renters do not receive the primary benefits as they are unable to effectively compete with middle-income renters for limited affordable housing and has labeled the policy as "regressive". So why would Carson want to pursue a policy that would put the civic center project at risk of either being scaled back or having to increase taxes on homeowners (who make up three-fourths of all residents) to make up the difference in tax revenues?

In addition, rent stabilization would create a new and extremely costly bureaucracy in the City requiring the hiring of several additional city staff, developing computer software and acquiring hardware. Accordingly, it would increase administrative costs for rental housing providers that would in turn lead them to raise rents. Why would the City want to jeopardize its 6-year track record of a balanced budget on nothing more than an ill-conceived idea that does not reduce existing rents nor create a single unit of new housing?

Good governance starts with identifying a specific problem and then creating a targeted solution that does not create more harm than good. The City has conducted no outreach involving stakeholders within the community (including rental housing providers and AAGLA as their trade association) to even determine whether any actual problems exist and, if so, to what extent. Yet the staff's report recommends skipping all community engagement and leaping to drafting a multitude of ordinances based on no statistical data or community input whatsoever. This could be construed as a wanton disregard for proper governance and processes or, at a minimum, gross negligence. Why this rush to judgement against rental housing providers that are supplying housing for those working families unable to purchase a single-family house, condominium or townhouse in Carson?

The City currently has a budget surplus of \$91 million. A much more beneficial and direct impact for renters would be for the City to put those dollars to work in creating a new rental assistance program for low-income renters facing urgent financial distress such as from sudden job loss, illness or injury. Claremont already has a successful program with a far lower allocation of funds. Los Angeles County recently had a rental assistance program for all types of emergencies. So, there are readily available models that the City could consider and implement quickly to provide immediate help renters in need. We would be glad to provide additional information on such programs.



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In closing, we hope that the City Council wants to build bridges with rental housing providers to conduct open dialogue and find balanced and mutually agreeable solutions through information sharing. ***Running small owners out of business with a tidal wave of new restrictions will only harm existing multifamily owners (many of whom are retirees) and their long-term renters who will be forced to find new housing if the building is sold.***

The USC Lusk Center for Real Estate just released its State of Los Angeles County Housing and Neighborhoods report highlighting the critical role that naturally occurring affordable housing plays in the rental housing countywide. It specifically states, "Because subsidized housing cannot be built or scaled quickly enough to replace this stock, preserving NOAH is essential to sustaining what affordability the county's rental market still has." We urge Carson to take heed and help preserve existing rental housing by working collaboratively with rental housing providers rather than attempting to stomp them out of existence with overregulation.

Thank you for your time and consideration. Please feel free to reach out to me directly by telephone at (213) 384-4131; Ext. 309 or via electronic mail at janet@aagla.org.

Sincerely,

Janet M. Gagnon

Janet M. Gagnon, Esq.

CC: Daniel Yukelson, Executive Director, Apartment Association of Greater Los Angeles