AAGLA

"Great Apartments Start Here!"

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Via Electronic Mail

Hon. Mayor Jennifer Stark, and the
Members of the Claremont City Council
City Council Chamber
225 Second Street
Claremont, California 91711

Re: Rent Stabilization & Rental Assistance (Agenda Item 8)

Dear Mayor Stark and Members of the Claremont City Council:

The Apartment Association of Greater Los Angeles (AAGLA) represents approximately 10,000 rental housing providers throughout the Greater Los Angeles region, including within the City of Claremont. More than 80% of our members are small, mom-and-pop owners with 20 or fewer units that are providing naturally occurring affordable housing.

Rent Stabilization

Housing providers in Claremont have been extremely fair and responsible as **Clairmont has NOT had any substantial rent increases in small and medium multifamily properties over the past 5 years** and only slightly higher increases in larger, newer construction properties with 100 or more units according to CoStar data, the leading national aggregator of rental housing data for residential and commercial properties. In fact, over the past two years **some rents have gone down** depending on the size of the unit. **Further, rent increases have NOT exceeded inflation in any of these years for properties of any size. Rent stabilization is not needed in Claremont as there have been no substantial increases in rent citywide and would only push more affordable rentals out of Claremont reducing the current supply of affordable housing.**

Rent stabilization is a policy that does far more harm than good. By artificially capping increases, owners cannot adequately respond to unforeseen costs or emergencies, and it forces mom-and-pop owners to delay maintenance for lack of sufficient funds to cover the cost. Over time buildings become dilapidated until they are no longer habitable and must be demolished. In addition, unplanned major repairs such as a burst water pipe, fried electrical panel, or damaged roof must be addressed urgently and not over a multi-year period to keep the property functional. **Moreover, rent caps reduce assessed property values and lower tax revenues critical to funding schools and first responders.**

In addition, rent stabilization increases rents for other rental properties that are not covered by the restrictions offsetting any reduction citywide. Argentina has been a clear, recent example that rent stabilization (a/k/a rent control) does not work. Once rent control was repealed rents DROPPED by a whopping 40%.

The vast majority of Claremont's multifamily housing (84%) was built prior to 1980. That means these properties are almost 50 years old or older. They will require major repairs to keep them as naturally occurring affordable housing. Otherwise, they will be sold to corporations for redevelopment as for-sale condominiums or luxury rental housing. **Any newly built property will require higher rents to cover the higher financing costs needed for redevelopment. More existing renters will be relocated due to any rent stabilization policy.**

Rent stabilization is such a destructive policy that some small owners will already move to sell their properties based on this initial discussion and more will follow, if it is pursued. Many small owners are still struggling to financially recover from years of COVID-19 moratoriums and resulting lost rent. They cannot afford another government policy that would destroy their ability to cover costs and regain solid financial footing in order to continue providing naturally occurring affordable housing ("NOAH"). **The City Council should be helping existing housing providers to stay in business providing needed affordable housing and not pursue policies, such as rent stabilization, that will push them out.**

In addition, housing developers, many of whom are owner/operators, will be discouraged from building additional housing in Claremont knowing that the properties will eventually fall under rent stabilization and limit their ability to make expected returns on their investments. When St. Paul adopted rent stabilization, apartment construction **permits fell by almost HALF** (48%) compared to its twin sister Minneapolis. **With less new housing being built, overcrowding in Claremont will get progressively worse with time.**

Lastly, rent stabilization is a very expensive policy for the City Council to consider. It requires significant upfront costs in hardware and software as well as ongoing cost of **several full-time staff**. **If the City Council has these additional funds available, they should be redirected to the existing Temporary Housing Stabilization and Relocation Program instead as a far better method to help renters in need.**

We urge the City Council to reject any rent stabilization policy due to the damaging impacts it will have on existing housing as well as the potential limitations for additional housing development.

Los Angeles County Affordable Housing Solutions Agency (LACAHSA)

The Los Angeles County Affordable Housing Solutions Agency (LACAHSA) will be issuing an RFI/RFP in late August or early September of 2026. LACAHSA will be distributing funds from Measure A for affordable housing preservation and Claremont's Temporary Housing Stabilization and Relocation Program may be eligible for funding. **Continuing with direct rental assistance is a far better**

method to help renters maintain their existing housing as well as obtaining new housing.

Also, the City should consider starting a no-interest loan program for small rental housing providers with 20 or fewer units, so that mom-and-pop owners can afford to conduct needed property repairs without incurring huge financing costs. It is these additional financing costs at current market rates (which have greatly increased over the last few years) that require rents to be increased when repairs are needed.

Thank you for your time and consideration of these matters. 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