



"Great Apartments Start Here!"

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Via Electronic Mail

Hon. Mayor Alex Fisch, and
Members of the Culver City Council
Culver City Hall
9770 Culver Boulevard
Culver City, California 90232

Re: Continued Public Hearing from August 23, 2021 Meeting: (1) Introduction of an Ordinance Amending Chapter 15.02 of the Culver City Municipal Code By Adding Subchapter 15.02.500, Mandatory Seismic Strengthening Provisions For Existing Wood-Frame Buildings With Soft, Weak, or Open-Front Walls (Soft-Story Seismic Retrofit); (2) Discussion of Fees, Costs to Owners, and Tenant Pass-Throughs; and (3) Direction to the City Manager As Deemed Appropriate (Agenda Item PH-1)

Dear Hon. Mayor Fisch and Members of the Culver City Council:

At the September 13th City Council meeting, the Council will consider adoption of a mandatory seismic retrofit ordinance, continue discussions on several key related matters including allowable pass-throughs to renters, financing for owners for seismic retrofitting, and potential building permit/plan check waivers. As the Council contemplates adoption of the proposed ordinance and deliberates these important related issues, the Apartment Association of Greater Los Angeles' (AAGLA or Association) urges the City Council to consider the concerns and recommendations set forth in this letter.

The Association commends the City Council for seeking to protect residents by identifying buildings that are potentially vulnerable to the impacts of a major earthquake and developing a Soft-Story Seismic Retrofit Program. It is indisputable and critically important that the City advance measures in promotion of structurally sound buildings that can withstand the impact of a major earthquake, and that the City takes steps necessary to mitigate loss of life and injury resulting from a natural disaster. The Council must also remain cognizant of the significant costs associated with seismic retrofitting and provide the City's rental housing providers with a variety of means to alleviate the enormous financial impact of such projects, especially as no one knows how long it will take them to recover from the tremendous losses the industry suffered during this pandemic.

As indicated in the City's Staff report "A majority of the buildings identified as vulnerable contain six or fewer dwelling units, the cost of retrofit is disproportionately borne by this type of building and may present some degree of financial difficulty for smaller ("Mom and Pop") rental income properties based

on the typical rental revenue stream associated with small rental properties, particularly those which are subject to the City’s recent rent cap.”

From the onset of Council deliberations on this matter in 2019, we have consistently and repeatedly raised concerns relative to the enormous costs associated with seismic retrofitting, costs which have since astronomically increased. Several factors have exacerbated these financial circumstances and the ability of rental housing providers, particularly the small business, “Mom and Pop” housing providers to pay the substantial upfront costs of seismic retrofitting. The COVID-19 pandemic and related government response has had catastrophic effects on rental housing providers many of whom have collected little, if any, rent since March 2020. As a result, many rental housing providers have depleted their savings and are borrowing money to maintain building operations.

Moreover, the City’s rent control ordinance further limits rental income by capping rent increases, which would make it extremely difficult for property owners to ever recover the substantial investments required by the proposed ordinance. Further, rising material costs has resulted in an overall increase in construction project costs. These dynamics have created an increasingly financially challenging situation and one that will further financially encumber many of the City’s small business rental housing providers who will now be obligated to comply with the new ordinance. Accordingly, as the City Council votes to adopt a mandatory seismic retrofit ordinance, we urge the Council to also implement increased permissible pass-through provisions, low-interest financing options, and building permit/plan check waivers, fee reductions and/or refunds to alleviate the costs and encourage timely retrofitting.

Prior to the pandemic, due to numerous localities requiring seismic retrofitting there was a short supply of reputable retrofitting companies. Since that time, due to the pandemic, there has been roughly a year long delay in seismic retrofits in the region which has set back work that was previously underway, resulting in a significant backlog. We encourage the City Council to provide additional time to property owners to complete the seismic retrofit work being required by the proposed ordinance so that they may recover from the severe financial impacts of COVID-19 and to provide adequate time for owners to obtain the services of reputable retrofitting companies.

- **Pass-Through**

The City’s rent control ordinance allows for a fifty (50%) pass-through to renters, amortized over the useful life of the project, with an aggregate cap not to exceed three (3%) of the renter’s rent. The Staff report recommended that the City Council “may want to consider whether to allow property owners to pass through a larger portion of the retrofit costs to tenants over some amortized period”. Given the sizable upfront costs that will be borne by owners, we urge the City Council to eliminate the 3% cap and provide for an overall larger pass-through percentage. It is important to note that the City’s Rent Control ordinance includes a hardship waiver for low-income renters who are unable to pay the pass-through, and as a result, realization of the pass-through costs is not assured. Renters should be required to invest in their safety jointly with property owners.

- **Low-interest Financing**

We appreciate City Staff’s research into possible funding options to assist property owners and recommend that the City Council continue to explore more funding options and the establishment of low-

cost financing. This benefits the City in the long run through greater property tax collection as a result of the seismic improvements made. The Property Assessed Clean Energy (PACE) program was included in the Staff report as a funding option, which allows a participating property owner to repay the cost of retrofit improvements through an assessment levied against their properties with a lien filed against the property as security until the assessment is repaid. PACE financing is expensive, and the PACE loan, which is repaid via property taxes, bears higher than market interest rates and as a result, cost is often a barrier to participation.

- **Building Permit/Plan Check Waivers**

As noted in the City's Staff report, several cities such as Beverly Hills, West Hollywood, Fremont, San Francisco, Berkeley, and Alameda offer some form of fee waiver, fee reduction, and/or refund for seismic retrofit work. We request that the City Council consider including one or all of the above options for Culver City rental housing providers.

Seismic retrofitting advances a vital societal objective and one that is beneficial to the City and all its residents. Seismic retrofitting is also extremely expensive and the cost of which must not be placed solely upon City property owners. 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,

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