



“Great Apartments Start Here!”

Janet M. Gagnon
Director, Government Affairs
& External Relations
jent@aagla.org
213.384.4131; Ext. 309

April 25, 2023

Via Electronic Mail

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

Re: Consideration of Tenant Protections – (1) First Reading and Introduction of an Ordinance Imposing Heightened Tenant Protections for Just Cause Evictions for Certain Residential Tenancies in the City of Claremont; and (2) First Reading and Introduction of an Ordinance Imposing Heightened Rent Stabilization Requirements for Certain Residential Tenancies in the City of Claremont; and (3) Consideration of a Temporary Rental Assistance Program (Funding Sources: General Fund and American Rescue Plan Act Funds) (Agenda Item 10)

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

At tonight’s City Council meeting, the Council will consider adoption of two ordinances: (i) one ordinance that would impose additional regulations for no-fault tenancy terminations based on substantial remodel and demolition and significantly increase relocation fees for all no-fault evictions and (ii) a second ordinance which would permanently impose a strict annual rent increase limitation. The Apartment Association of Greater Los Angeles (AAGLA) is strongly opposed to the imposition of extreme rent increase limitations and Just Cause relocation fees beyond those already required statewide under Assembly Bill 1462 (AB1482), which has not yet been fully implemented due to impacts of COVID-19. We urge the City Council to reject adopting either ordinance at this time and instead allow AB1482 to be fully implemented before any additional changes are considered.

AAGLA, established in 1917, is a voluntary membership trade association whose nearly 10,000 members are rental housing providers and property management professionals throughout Los Angeles, Ventura, and San Bernardino counties, including the City of Claremont. More than 80% of our members are independent, mom-and-pop rental housing owners with fewer than 20 units, and many who own only a single rental property that they rely upon for their families’ daily living expenses such as medical costs as retirees or newly arrived immigrants.

Temporary Rental Assistance Program

We applaud the City Council’s efforts to create a Temporary Rental Assistance Program using ARPA funds that must be dedicated by the end of 2023. Direct rental assistance is the most effective way to keep current renters in their homes and maintain positive relationships between renters and



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rental housing providers. The majority of our members are small, local businesses and no different than the neighborhood grocery store. Our members provide housing for residents in Claremont that do not have the ability and/or desire to purchase a single-family home, condominium or other owned property for themselves or their families. Our members are part of the solution to housing, but cannot be the only solution. The City must provide the safety net needed by its low-, very low-, and extremely low-income residents by providing necessary financial aid as well as creating its own public housing using City-owned properties.

Temporary Rental Assistance Program

We encourage the City Council to immediately adopt the proposed Temporary Rental Assistance program. However, we offer a few suggested modifications to ensure that the limited funds available are directed to those who truly need such government financial assistance. Specifically, we would urge the City to adopt a requirement that anyone seeking such assistance qualify as either low-, very low-, or extremely low-income as defined by the U.S. Department of Housing and Urban Development (HUD).

There are many renters that may lose jobs and temporarily be unemployed, but not all renters need financial assistance. Renters making moderate, middle and high incomes should **not** be provided with any City financial assistance as those funds should be spent on only those individuals without sufficient savings, investments and other assets to get them through until they are financially stable. All other forms of government financial aid are restricted based on household income, including Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Medi-Cal, Supplemental Security Income (SSI), California Lifeline, and the Affordable Connectivity Program (ACP). This is to ensure that limited funding is spent on the greatest number of people possible that are in the greatest need for such financial assistance. We would also urge that more funding be allocated for this new program beyond the current \$200,000 proposed by staff. As stated in the staff report, there is over \$4 million in ARPA funds that the City currently has available. As housing is such a critical issue, a much larger portion of these funds should be spent on maintaining housing for those that need it during temporary financial difficulties.

Just Cause Ordinance

We understand that one large apartment complex in Claremont had attempted several “No Fault” evictions based on substantial remodel and that created the issue to be resolved by the original ordinance that temporarily prohibited all substantial remodel evictions. However, one “bad actor” should not result in punishment for all the other responsible rental housing providers in Claremont. The currently drafted Just Cause ordinance goes far beyond the single substantial remodel issue into all No Fault eviction categories, including owner move-ins.

This later issue is of particular concern to independent, mom-and-pop owners who have faced financial devastation over the past 3 years due to statewide and countywide moratoriums that have caused substantial amounts of unpaid rent. Based on this substantial reduction in income, many owners have to move into the rental properties they own in order to make ends meet. To now force these already financially struggling property owners to try to pay renters to relocate beyond what



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AB1482 already provides is grossly unfair and unreasonable. Those owners unable to scrape together additional funds during an already financially difficult time will be forced to sell their properties to developers and who will likely remove the entire property from the rental market and replace it with other uses with higher returns-on-investments (ROIs) such as for-sale condominiums or luxury apartments. Thus, Claremont will lose more of its dwindling supply of naturally occurring affordable rental housing provided by small, mom-and-pop owners and not large corporations or real estate investment trusts (REITs).

It is even more disturbing and inappropriate that the cities of Los Angeles and Santa Monica are being considered within the ordinance as models for relocation fees. Claremont only has a population of **35,610** compared to Santa Monica’s 93,076 (more than 2.5 times as many people) and Los Angeles’ **3.76 million**. Further, Claremont’s average rent for a one-bedroom apartment is only \$1,050 per month compared to Santa Monica’s rent of \$2,056 per month and Los Angeles’ rent of \$1,641 per month. Thus, Claremont’s average rent is **40% less** than Santa Monica’s average rent.

If Santa Monica’s relocation fees are used to set relocation fees in the City of Claremont, Claremont’s rental housing providers would be forced to pay more than 16 months to 33 months of rent in relocation fees! On the other hand, if relocation fees are based on Los Angeles’ relocation fees, Claremont’s rental housing providers would be required to pay more than 8 months to 21 months of rent in relocation fees. Relocation assistance of this magnitude is grossly unfair and extremely excessive.

Relocation fees are supposed to cover legitimate costs of moving and not be an undue windfall for renters as a form of private welfare forced upon a single small business segment – rental housing providers. Renters want first month’s rent, last month’s rent and a security deposit. However, they seem to forget they already receive their original security deposit back by law provided that they have done no damage to the unit beyond normal wear and tear. Further, this entire concept of “relocation fees” forgets the critically important fact that renters paying below market rent at their current rental property already have been benefiting year after year by paying lower rent than they would have had to pay at another location. Therefore, they have been saving money for multiple years that they should be able to put towards their new rental unit. Further, by requiring their current owner to pay relocation fees this policy punishes the responsible rental owners that are charging lower than market rent. This discourages rental housing providers from charging less than full market rate to any renter no matter their current situation in order to have the necessary funds to pay relocation fees to specific renters at a later date.

In addition, relocation fees are a form of government created and mandated financial aid. As such, they should have the same income threshold limitations of any other government aid. Only renters with household incomes that are considered low-, very low-, or extremely low-income by HUD should be entitled to receive **any** relocation fees. To do otherwise, wrongfully enriches moderate-, middle- and high-income renters by creating an undue burden on rental housing providers, especially mom-and-pop multifamily property owners. At a minimum, rental housing owners with 20 or fewer units should be completely excluded from paying any rental assistance to renters making above 80% Area Median Income (AMI).



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Also, the Just Cause ordinance draft includes a Harassment Prohibition under Section 34.040. The language in this section is so vague and ambiguous that it will stifle all communication between renters and rental housing providers, including any attempt to work out mutually agreeable solutions to incidents of late rent, nuisance, entry for repairs, parking and other standard issues that arise during a tenancy. In particular, Subsection A(10) states, “(a) violate a tenant’s **right to privacy**”. Asking even a seemingly innocent question about why the rent is late could be later construed to be an attempt to violate the renter’s privacy rights. Further, Subsection A(13) specifically states “commit **other repeat offenses...or disturb** the comfort, repose, peace of quiet of any person...” What exactly qualifies as an “offense” that the rental housing owner would be able to know BEFORE a renter later complains about it? Subsection B goes on to impose fines as substantial as **\$2,000 up to \$5,000 PER VIOLATION** with an **additional \$5,000** if the renter is 65 years old or older or disabled. Why on Earth would any rental housing owner subject themselves to such significant risk of penalties to try to help resolve violations of the lease by the renter? This is merely one example of a well-intended policy that in fact harms more renters than it helps. This provision should be stricken from the Just Cause ordinance in its entirety, if the City Council decides to move forward with the ordinance at all.

Rent Stabilization Ordinance

Unlike the factual issue regarding a large apartment complex threatening existing renters with eviction due to No Fault substantial remodels, there is **no evidence whatsoever** offered by staff to substantiate that there is either an individual large “bad actor” or a widespread problem in Claremont of significant rental increases. The facts provided by CoStar (a third-party aggregator of rental housing data) show the contrary and that in fact there have been no substantial rental increases in Claremont for the properties that they track of any size.

We do understand that there have been a few individual renters that claim they have received substantial increases in monthly rent, but there is no data showing that any of these reports were actually investigated by staff. Even assuming their accuracy, such few individual cases would be better handled and at a much lower cost to the City by providing voluntary mediation similar to the existing program in Santa Barbara which has been tremendously successful for many years. At a minimum, such an ordinance should be delayed until the Temporary Rental Assistance program has been put into place, so that the City can gather data on where such increases are occurring, including (i) size of property (4 units or less, 5-20 units, 21+ units), (ii) ownership type (individual, corporation, or REIT), (iii) age of property – as older buildings require more expensive repairs and maintenance including roof, HVAC, appliances, electrical panel upgrades, etc., (iv) size of increase by percentage and total dollar amount, and (v) total household income of renters experience such an increase.

If the City does not wish to pursue a voluntary mediation program, then it should at least conduct a formal study to determine these same parameters of actual rental increases occurring in Claremont to create an ordinance that benefits renters while limiting the amount of harm to rental housing providers to the greatest extent possible, especially small, mom-and-pop multifamily owners with 20 units or fewer. In particular, any rent stabilization ordinance should contain an income threshold for renters to be able to utilize the protections afforded under it. To do otherwise, unjustly rewards moderate-, middle- and high-income renters by unduly damaging rental housing providers



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and their ability to conduct ongoing repairs, maintenance and updates (appliances, electrical panels, etc.) for all renters. Further, it incentivizes existing renters to monopolize lower cost rental units even when they can well afford more expensive units due to promotions or salary increases or no longer need larger units as their children have grown up and moved away. This hurts lower-income renters and especially those with growing families that **need** these lower cost units and are locked out by higher income renters. Without an income threshold-, moderate-, middle- and high-income renters get to stay year after year at the sacrifice of low-income renters. Santa Monica and West Hollywood are clear examples of where this has already taken place by fueling gentrification and displacement of lower-income renters.

Rent control measures never equate to housing affordability and implementation will not result in the construction of a single new rental housing unit in Claremont. Over the long-term, rent control only exacerbates housing shortages, housing quality declines, and rental prices increase due to the shortages rent control inevitably creates and resulting lack of available units on the market. Rent control will decrease the quantity and quality of affordable rental housing in the City and will only discourage development of new rental units.

AAGLA urges the Council to reject the rent stabilization ordinance in its entirety. Instead, we urge the Council to adopt the proposed Temporary Rental Assistance program in order to directly help renters in need and gather specific data on relocations happening in Claremont to inform a more narrowly tailored ordinance to remedy specifically identified problems. At a minimum, we request that the rent stabilization ordinance be held until a formal study can be conducted so that any “bad actors” can be addressed without harming all of the responsible rental housing providers in Claremont that may be driven out of business by such a radical and detrimental policy for small rental property providers and low-income renters alike.

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 janet@aagla.org.

Very truly yours,

Janet M. Gagnon

Janet M. Gagnon, Esq.