



“Great Apartments Start Here!”

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Via Electronic Mail

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

Re: Continuation of Item No. 10 from the April 25, 2023 City Council Agenda - 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 (Funding Sources: General Fund) (Agenda Item 9)

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 conduct an extensive outreach campaign to renters and rental housing providers making them aware of these existing protections for Claremont renters.

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.

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.

The Council should construct a narrowly tailored ordinance to address the one narrow issue that has been shown to exist in Claremont by targeting only large properties with 50 units or more owned by corporations or REITs to pay additional relocation fees equal to two months’ worth of rent for substantial remodels. To pass any ordinance beyond this scope would be extremely costly, complex and an undue burden on independent, small rental housing providers that have been responsible owners in Claremont.

Claremont is completely dissimilar to the City of Los Angeles or Santa Monica. 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 need first month’s rent and a security deposit for move-in. However, they seem to forget they already receive their original security deposit back by law provided that they have not damaged their 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 all responsible rental property owners who are charging lower than market rent. This discourages rental housing providers from charging less than full market rate to any renter



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no matter their current situation 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).

Also, the Just Cause ordinance draft includes an Anti-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 specifically 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 an instance 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. This one provision would create a cottage industry for unscrupulous lawyers seeking to wrongfully extort payouts from mom-and-pop rental housing providers without substantive justification.

Rent Stabilization Ordinance

Unlike the factual issue regarding a large apartment community 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



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for the properties that they track of any size.

Pursuing a rent stabilization ordinance is not only unproven to be needed in Claremont, but also is extremely costly to implement requiring substantial upfront costs to the City to purchase sophisticated computer software and hardware for tracking and many additional full time staff to administer. **In Santa Monica, the city monitors 26,425 units with an annual budget of \$5.5 million and 25 staff.** Before undertaking such an expensive proposal, Claremont should conduct a thorough study on the actual costs of running such a program and identify funding for these substantial upfront costs. Of course, any funding will by nature take support away from other existing Claremont City services. Further, it would be far more rational and responsible spending of the City's limited funds to provide outreach and education on the existing protections contained in Assembly Bill 1482.

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 City 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 Housing Stabilization and Relocation 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 building 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. Alternatively, the City should conduct a formal study to determine these same parameters of actual rental increases occurring in Claremont.

The City should also fully investigate the negative impacts of rent stabilization on Claremont's specific renter population. As stated in a recent report by Stanford economics professor Rebecca Diamond published by Brookings entitled "What does economic evidence tell us about the effects of rent control?", **rent stabilization fuels gentrification and locks out low-income households, Gen-Y young families and Gen-Z returning college students from the rental market and incentivizes monopolization of needed units by people with higher incomes and empty nesters.** Santa Monica and West Hollywood are clear examples of where this has already happened as a result of rent stabilization. Thus, the very renters that the Council intends to help are the ones hurt most by rent stabilization. At a minimum, any rent stabilization ordinance should contain an income threshold for renters to be able to utilize the limitations under it to ensure assistance is provided to those renters most in need.

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



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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 and Just Cause ordinances in their entirety. Instead, we urge the Council to conduct extensive outreach efforts to renters and rental housing providers alike on the existing protections in place contained in AB1482 and to develop a robust voluntary mediation program similar to ~~the~~ one that already exists in Santa Barbara.

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.