



"Great Apartments Start Here!"

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May 24, 2023
Via Electronic Mail

Hon. Mayor Frank Garcia
and the Members of the City Council
4319 E. Slauson Avenue
Maywood, California 90270

Regarding:

An Uncodified Urgency Ordinance of the City of Maywood, California Amending and Extending Urgency Ordinance No. 23-01-U regarding an Interim Prohibition of Rent Increases on Certain Residential Properties and Finding that the Urgency Ordinance is not subject to the California Environmental Quality Act (Agenda Item 5), and

Discuss and Provide Guidance for the Direction and Possible Criteria for the Creation of a Rent Stabilization Ordinance for the City of Maywood (Agenda Item 15)

Dear Hon. Mayor Garcia and the Members of the Maywood City Council:

At tonight's City Council meeting, you will consider two items: (1) further extending the existing rent increase freeze through September 28, 2023, as an urgency ordinance and (2) consideration of the creation of a permanent rent stabilization ordinance. The Apartment Association of Greater Los Angeles (AAGLA) is strongly opposed to the further extension of the rent increase freeze as well as any further action on a permanent rent stabilization ordinance as both will create catastrophic financial harm to independent, mom-and-pop rental housing owners already struggling to keep their properties rather than selling them to developers and eliminating many of the remaining naturally occurring affordable rental housing properties in Maywood.

AAGLA is a trade association that represents rental housing providers throughout Los Angeles, San Bernardino and Ventura counties, including Maywood. More than 80% of our membership is composed of independent, "mom-and-pop" rental property owners who own fewer than 10 units. Our membership is strictly voluntary, and members join because they want to be responsible rental housing providers that are kept up to date on new regulations and legislation impacting their small businesses to help them stay in compliance.

Rental housing providers in Maywood have been severely damaged by the 3 years of statewide and countywide moratoriums resulting in hundreds of thousands of dollars being lost in unpaid rent. As a

result, many mom-and-pop owners are in great financial distress and facing the risk of being forced out of business due to additional unnecessary regulations that will only greatly hamper their ability to recover from their existing losses. Rent stabilization will be the death blow to “mom-and-pop” rental housing providers in Maywood and result in mass relocation of renters as existing buildings are sold to developers and replaced with new construction generating much higher returns on investment. These newly constructed buildings will not be subject to existing state renter protections, including Assembly Bill 1482 (AB1482).

Maywood’s rental housing stock is already aged with 97% being built prior to 1981. As such, it requires higher repair and maintenance fees for expensive items, including roofs, HVAC, windows, and electrical panels. Combined with the significant loss in revenues over the past 3 years due to COVID-19 restrictions, many rental housing owners are barely hanging on to their properties. However, they persevere as they believe they are providing much needed rental housing at some of the most affordable rates in all of Los Angeles County with median gross rents at \$1,227, which is even lower than rents in Bell Gardens. **Pursuing a rent stabilization ordinance will only show mom-and-pop rental housing providers that the Maywood City Council does not value their contribution to housing low-income renters and encourage them to sell their properties to developers to be torn down and replaced with new buildings not subject to statewide or citywide rent regulations.**

As stated in prior comments, there has been **no drastic rent increases in Maywood for the past 5 years**, both before and after Covid-19, in Maywood according to CoStar (an independent third-party aggregator of rental housing data). Further, statewide law (AB 1482) already exists limiting the maximum rent increase throughout all of California, including Maywood. However, many existing renters and rental housing owners in Maywood are unaware of the new state law and **the City should host a workshop on AB1482 to better educate the community on these new existing protections rather than rushing to change them by local ordinance especially at this early date when it has just begun to be fully implemented.**

Pursuing a rent stabilization ordinance will also be extremely expensive for Maywood to implement and administer. There will be substantial upfront costs to the City for this program, including new sophisticated hardware and software as well as many additional full-time staff with full benefits. **Santa Monica’s budget for this one program is \$5.5 million with 25 full-time staff. Maywood’s entire city budget is only \$13.9 million with 25 full-time staff and 5 part-time staff.** So, this program alone would severely reduce many of the existing programs and services being provided to the community and could even cause the City to go into bankruptcy. As staff states, a thorough cost analysis should be conducted to review the full financial impacts to the City before any further steps should be taken on such a policy.

In addition, such a sweeping and expensive policy should have thorough stakeholder engagement by all impacted parties well in advance of any actions being taken by the Council. Rental housing providers will be gravely impacted by such a policy and should be actively sought out by the City for input from individual owners as well as their local trade association, AAGLA. In addition, the Council and city staff should also review the recent report from Brookings by Rebecca Diamond, professor of economics at Stanford, entitled “What does economic evidence tell us about the effects of rent control?” finding that rent stabilization fuels gentrification and leads to the lockout of many low-income families from rental housing in favor of renters with higher-incomes and smaller family sizes. **Further, the City should**



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consider the impacts of such policies on reducing its existing rental housing supply and the City’s ability to meet its state requirements under the housing element law and regional housing needs allocation (RHNA).

We realize that low-income, very low-income and extremely low-income renters are struggling due to hyperinflationary pressures that all are experiencing that are causing dramatic cost of living increases. However, there are a number of government sponsored and private programs that already exist to help these residents with paying for food (CalFresh and Women, Infants and Children “WIC”), healthcare (Medi-Cal), reduced utility bills (Family Electrical Rate Assistance “FERA”, California Alternative Rates for Energy “CARES”, SCE Energy Assistance Fund, Low Income Home Energy Assistance Program “LIHEAP”), transportation (MTA discounted bus passes), education (Pell Grants – current and formerly incarcerated individuals are newly eligible as well), cell phone service (California Lifeline), and broadband internet access (Affordable Connectivity Program “ACP”). If the City of Maywood believes that further government support is needed for renters to make ends meet and maintain market-rate rental housing, then **we would highly recommend the creation of a rental assistance program funded by the City and targeted specifically to assisting those low-income renters who are in immediate financial need.** We would also recommend that this financial assistance program be structured similarly to the existing CalFresh program that utilizes electronic benefits transfer (“EBT”) cards, so that beneficiaries are able to make purchases easily from a variety of providers and without needless red tape.

As to the current rent increase freeze, we urge the Council to allow it to expire on June 8, 2023, as currently scheduled. **There is no current emergency taking place in Maywood that has been proven to exist based on City specific data from staff or any other third-party data source.** Mom-and-pop owners must be allowed to begin recovering from the 3 years of statewide and countywide moratoriums to keep and maintain their properties. Each day that Maywood’s rent increase freeze remains in place is another day with mom-and-pop rental housing owners being forced out of the rental housing market entirely and selling their properties to developers. Mom-and-pop owners with fewer than 20 units should be supported by the Council and not further undermined by their well-intentioned but misguided policies.

AAGLA urges the Maywood Council to reject the proposed urgency ordinance extending the existing rent increase freeze until September 28, 2023 (nearly 7 months in total) and take no further action on a rent stabilization ordinance. These ordinances will only result in a further reduction in the already extremely limited supply of affordable rental housing in Maywood.

Thank you for your time and consideration of these matters. Please feel free to reach out to me by phone at (213) 384-4131; Ext. 309 or email at janet@aagla.org.

Sincerely,

Janet M. Gagnon

Janet M. Gagnon, Esq.