



*"Great Apartments Start Here!"*

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June 13, 2023

**Via Electronic Mail**

Hon. Mayor Jon Primuth, and the  
Members of the South Pasadena City Council  
1424 Mission Street  
Pasadena, California 91030

Re: Introduction and First Reading of an Ordinance of the City Council of the City of South Pasadena, California, Amending Article X ("Just Cause for Eviction") to Title 17 ("Health and Sanitation") of the South Pasadena Municipal Code (Agenda Item 3)

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Dear Hon. Mayor Primuth and Members of the South Pasadena City Council:

At the City Council meeting on Tuesday, June 13<sup>th</sup>, the Council will consider adoption of a further modified Just Cause ordinance that would completely eliminate undertaking a substantial remodel as a cause for No-Fault tenancy termination (Agenda Item 3). The Apartment Association of Greater Los Angeles (AAGLA) is opposed to this complete ban on substantial remodels as it will only lead to the destruction of existing naturally occurring affordable rental housing in South Pasadena.

**In stark contrast to the false claims made in the staff report supporting the draft ordinance, "striking a balance between the interests of tenants and property owners," it is a completely one-sided attempt to lock owners out of the ability to conduct any substantial remodels, including for health and safety, and is particularly harmful to existing independent, mom-and-pop owners.** By prohibiting substantial remodels, the proposed ordinance will force **more** mom-and-pop owners out of business resulting in new properties being built in their place in the form of luxury apartments or condominiums **not** subject to existing state law or local ordinances, including renter protections. While staff acknowledges, "South Pasadena's tight rental market with a shortage of units with rents affordable to households with moderate and lower incomes" and that the current relocations are being caused by "new" owners and not existing mom-and-pop owners, they completely fail to recognize that such a policy will only fuel the sale of more naturally occurring, affordable rental properties to new owners – the same ones drastically increasing rents and causing relocations.

It is shocking that while staff provided significant information on what a few other cities are doing (and notable **NOT** the majority), they provided no basic economical analysis of the rental housing market in South Pasadena. Anyone who has taken an "Economics 101" course knows that any owner (such as independent, moms-and-pops, corporate owner or foreign investor) cannot stay in business if they are unable to maintain their property to modern living standards by conducting substantial renovations and charging current market rates. As they would no longer be "competitive" in the market due to this policy, mom-and-pops will be forced to either sell their property immediately to receive the highest price for it based on its current condition or allow it to continue to fall farther and farther behind in modern living standards. In either case, the existing mom-and-pop owner will eventually be forced to sell to a developer with the entire

building being demolished and replaced resulting in all renters being relocated at the time of demolition versus the handful needing relocation for a substantial remodel, which commonly occurs on a unit-by-unit basis. **By adopting this policy, the Council would be displacing many more existing South Pasadena renters.**

What makes this draft ordinance even more egregious is that it inflicts far more harm onto the existing independent, mom-and-pop owners providing the naturally occurring affordable rental housing than on large corporate owners who have substantially more financial resources. **By charging DOUBLE the daily pro rata rent rental rate of the tenant's unit as a "temporary relocation fee" to be paid by the owner to the renter regardless of the type of property owner (mom-and-pop, corporations, foreign conglomerate). NO other jurisdiction mentioned in the staff report is charging this abusively high rate as temporary relocation fees.** Also, Claremont, Glendale and Pomona all still allow substantial remodels. Yet, Pasadena's new restrictions were adopted by ballot measure and **NOT** Council action. As a result of the currently proposed relocation fees, mom-and-pop owners will be effectively prevented from conducting any type of renovations including those needed for health and safety. This injustice could be easily rectified by excluding mom-and-pop owners from the ordinance entirely as has recently been done by Claremont for owners with 9 or fewer units (as noted in the staff report).

It should also be noted that the June 1<sup>st</sup> meeting was an exercise in extreme bias by City staff as AAGLA was purposefully excluded from the meeting despite the fact that **AAGLA is the LOCAL trade association for rental housing providers throughout Los Angeles County, including South Pasadena.** In addition, more than 80% of our members are independent, mom-and-pop rental housing owners with fewer than 20 units. We have existed for more than 105 years, since 1917, and are in no way affiliated with the California Apartment Association (CAA). In fact, we have our **own** state level association, namely the California Rental Housing Association (CalRHA).

Further, AAGLA submitted formal written comments to the entire City Council in advance of the May 17<sup>th</sup> City Council meeting and attended the meeting providing public comments, including recommending the mediation program that was further researched by staff. Yet City staff purposefully chose to exclude AAGLA while inviting "stakeholders representing the California Apartment Association, Pasadena-Foothills Association of Realtors, South Pasadena Tenants Union, Care First South Pasadena, and Abundant Housing LA engaged in a policy-focused discussion." To their June 1<sup>st</sup> meeting. By this purposeful omission, it seems clear that City staff did **not** want to hear from representatives for independent, mom-and-pop owners who would be most directly and substantially harmed by this proposed policy.

Despite staff's blatant attempts to silence AAGLA's voice on behalf of our members, we hereby request that the Council reject the further revised Just Cause ordinance as devastating mom-and-pop owners and fueling the additional loss of the most affordable rental housing in South Pasadena. If the Council does proceed, we ask that mom-and-pop owners with fewer than 20 units be excluded from the ordinance entirely or at least pay substantially reduced relocation fees, so that they can continue to stay in business and maintain ownership of their properties. We also request that AAGLA be specifically invited to any future rental housing meetings held by City staff.

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](mailto:janet@aagla.org).

Very truly yours,

*Janet M. Gagnon*



# AAGLA

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